AS FILED WITH THE SECURITIES AND EXCHANGE COMMISSION ON SEPTEMBER 28, 1999

REGISTRATION NO. 333-83887

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

AMENDMENT NO. 2 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:

DANIEL G. BERGSTEIN, ESQ. THOMAS R. POLLOCK, ESQ. PATRICIA M. CARROLL, ESQ. PAUL, HASTINGS, JANOFSKY & WALKER LLP 399 PARK AVENUE NEW YORK, NEW YORK 10022 (212) 318-6000	ALVIN G. SEGEL, ESQ. IRELL & MANELLA LLP 1800 AVENUE OF THE STARS, SUITE 900 LOS ANGELES, CALIFORNIA 90067-4276 (310) 277-1010	RICHARD D. BOHM, ESQ. PETER J. LOUGHRAN, ESQ. DEBEVOISE & PLIMPTON 875 THIRD AVENUE NEW YORK, NEW YORK 10022 (212) 909-6000

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. [ ]

CALCULATION OF REGISTRATION FEE

TITLE OF EACH CLASS OF SECURITIES TO BE REGISTERED	AMOUNT TO BE REGISTERED(1)	PROPOSED MAXIMUM OFFERING PRICE PER SHARE(2)	PROPOSED MAXIMUM AGGREGATE OFFERING PRICE(1)(2)	AMOUNT OF REGISTRATION FEE(3)
Class A common stock, par value $.001 per share......	195,500,000	$19.00	$3,714,500,000	$1,032,631

(1) Includes shares that the underwriters may purchase to cover over-allotments, if any. Also includes shares that are to be offered outside the United States but that may be resold from time to time in the United States. Such shares are not being registered hereby for the purpose of sales outside the United States.

(2) Estimated solely for purpose of calculating the registration fee pursuant to Rule 457(a) under the Securities Act.

(3) Of this amount, the registrant previously paid $959,100.

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 SEPTEMBER 28, 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 15 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]

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

[Text:] Imagine a time when television, computers, the Internet, and telecommunications converge, and the world of entertainment and information comes into the home and the workplace through a single cable.

a Wired World

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

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 sole asset after completion of the offering will be an approximate 31.0% 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 thirteen executive officers and will receive other necessary personnel and services from Charter Investment, Inc., an affiliated company.

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 3.4 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 27 acquisitions, including seven 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 93.0% 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.

For the next several years, losses and profits, as determined for tax accounting purposes, of Charter Communications Holding Company will not be allocated to all of its members, including Charter Communications, Inc., in proportion to their respective percentage equity interests. In certain specific situations, the special tax allocations could result in Charter Communications, Inc. having to pay taxes in an amount that is more or less than if Charter Communications Holding Company had allocated losses and profits to Charter Communications, Inc. in proportion to its percentage equity interest. See "Description of Capital Stock and Membership Units -- Special Allocation of Losses".

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(tm) 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 and our founders, Jerald L. Kent, Barry L. Babcock and Howard L. Wood, have 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;

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

- the underwriters have not exercised their over-allotment option;

- 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.

[STRUCTURAL CONSIDERATIONS FLOW CHART]

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

RECENT EVENTS

We have completed, and are in the process of completing, the acquisitions described below.

RECENT ACQUISITIONS

In the second and third quarters of 1999, we completed seven transactions in which we acquired cable systems serving a total of approximately 1.0 million customers. The total purchase price for these acquisitions was approximately $3.4 billion, including assumed debt. For the year ended December 31, 1998, these systems had revenues of approximately $352 million. The following table is a breakdown of our recent acquisitions:

RECENT ACQUISITIONS	ACQUISITION CLOSING DATE	PURCHASE PRICE (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
Total............................		$3,357	1,044,000	$248,818

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. The total purchase price for these acquisitions will be approximately $10.8 billion, including assumed debt. This includes the exchange with another cable service provider of certain of our cable television systems with a fair market value of $0.4 billion for cable systems that we can operate more efficiently because of their geographic proximity to our other systems. As of June 30, 1999, the systems to be acquired by us, net of systems to be exchanged, served a total of approximately 2.7 million customers. For the year ended December 31, 1998, these systems had revenues of approximately $905 million. The following table is a breakdown of our pending acquisitions:

PENDING ACQUISITIONS

PENDING ACQUISITIONS	ANTICIPATED ACQUISITION CLOSING DATE	PURCHASE PRICE (IN MILLIONS)	AS OF AND FOR THE SIX MONTHS ENDED JUNE 30, 1999 BASIC SUBSCRIBERS	REVENUES (IN THOUSANDS)
Cable systems of InterMedia Capital Partners IV, L.P., InterMedia Partners and affiliates..............	3rd Quarter 1999	$873 + systems swap	412,000 (144,000) 268,000	$100,644
Avalon Cable LLC..............	4th Quarter 1999	859	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	3,606	1,008,000	212,205
Bresnan Communications Company Limited Partnership.........	1st Quarter 2000	3,100	656,000	137,291
Total....................		$10,838	2,729,000	$600,840

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 our credit facilities, excess cash and additional debt and equity, including equity issued to specified sellers in our pending Falcon and Bresnan acquisitions. Not all of this funding has been arranged.

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. After the offering, there will be 324,905,052 outstanding Charter Communications Holding Company common membership units owned by persons or entities other than Charter Communications, Inc. and excluding membership units to be issued in connection with the Falcon and Bresnan acquisitions.

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.

Shares of Class B common stock are convertible into, and membership units of Charter Communications Holding Company not owned by Charter Communications, Inc., Vulcan Cable III Inc. or Charter Investment, Inc. are exchangeable for, shares of Class A common stock at any time on a one-for-one basis. Charter Communications Holding Company membership units held by Vulcan Cable III Inc. and Charter Investment, Inc. are exchangeable for shares of Class B common stock at any time on a one-for-one basis. If, immediately following the offering, Mr. Allen converted his Class B common stock into Class A common stock, and Vulcan Cable III Inc. and Charter Investment, Inc. exchanged their membership units for Class B common stock and converted the shares of Class B common stock so received into 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 (58.4% and 55.8%, respectively, assuming that all acquisition-related equity holders exchange their membership units for Class A common stock). See "Description of Capital Stock and Membership Units".

Use of Proceeds..............	By Charter Communications, Inc.: To acquire 170,000,000 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 the number of votes for each share held by such holder equal to:

- ten multiplied by the sum of:

  (1) the total number of shares of Class B common stock outstanding; and

  (2) the number of shares of Class B common stock into which the Charter Communications Holding Company membership units are exchangeable; divided by

- the number of shares of Class B common stock outstanding.

The outstanding shares of Class B common stock will represent less than 0.1% of the capital stock of Charter Communications, Inc. and 95.0% 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 96.8% of the outstanding shares of Charter Communications, Inc.'s Class B common stock following the offering. Through his ownership of Charter Communications, Inc.'s Class B common stock and his 57.9% equity interest, through Vulcan Cable III Inc. and Charter Investment, Inc., in Charter Communications Holding Company, Mr. Allen will control approximately 93.0% of the total voting power of all of Charter Communications, Inc.'s

	capital stock after the offering or 92.3% if the underwriters exercise their over-allotment option in full. In addition, as the owner of approximately 96.8% of the Class B common stock, Mr. Allen will be able to elect all members of Charter Communications, Inc.'s board of directors and will have the sole power to amend the provisions of Charter Communications, Inc.'s certificate of incorporation relating to the activities in which we may engage and the exchange ratio of common stock to membership units. See "Description of Capital Stock and Membership Units".
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	$ 240,641	$ 834,814	$ 597,234	$ --	$ --	$ 1,432,048
Operating expenses:							
Operating, general and administrative	310,325	119,953	430,278	307,736	--	--	738,014
Depreciation and amortization	313,621	122,155	435,776	402,300	--	--	838,076
Stock option compensation expense	38,194	--	38,194	--			38,194
Corporate expense charges(a)	11,073	17,943	29,016	18,711	--	--	47,727
Management fees	--	4,891	4,891	3,849	--	--	8,740
Total operating expenses	673,213	264,942	938,155	732,596	--	--	1,670,751
Loss from operations	(79,040)	(24,301)	(103,341)	(135,362)	--	--	(238,703)
Interest expense	(183,869)	(76,753)	(260,622)	(234,567)	4,300	--	(490,889)
Interest income	10,189	293	10,482	951	--	--	11,433
Other income (expense)	2,682	(894)	1,788	(26)	--	--	1,762
Loss before minority interest	(250,038)	(101,655)	(351,693)	(369,004)	4,300	--	(716,397)
Minority interest	--	--	--	--	--	492,864	492,864
Loss before extraordinary item	(250,038)	(101,655)	(351,693)	(369,004)	4,300	492,864	(223,533)
Preferred dividends	--	(5,332)	(5,332)	--	--	5,332	--
Loss applicable to equity holders	$ (250,038)	$ (106,987)	$ (357,025)	$ (369,004)	$ 4,300	$ 498,196	$ (223,533)
Basic loss per share(b)							$ (1.31)
Diluted loss per share(b)							$ (1.31)
Weighted average shares outstanding:							
Basic							170,050,000
Diluted							170,050,000
OTHER FINANCIAL DATA:							
EBITDA(c)	$ 237,263	$ 96,960	$ 334,223	$ 266,912			$ 601,135
EBITDA margin(d)	39.9%	40.3%	40.0%	44.7%			42.0%
Adjusted EBITDA(e)	$ 283,848	$ 120,688	$ 404,536	$ 289,498			$ 694,034
Cash flows from operating activities	172,770	44,321	217,091	233,959			451,050
Cash flows used in investing activities	(271,191)	(43,464)	(314,655)	(182,321)			(496,976)
Cash flows from financing activities	207,131	85,508	292,639	448,714			741,353
Cash interest expense							404,732
Capital expenditures	262,507	63,027	325,534	154,368			479,902

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)						
BALANCE SHEET DATA (AT END OF PERIOD):							
Total assets..............	$8,687,474	$2,111,584	$10,799,058	$11,079,523	$ --	$ --	$21,878,581
Total debt................	5,134,310	1,914,712	7,049,022	4,491,597	--	--	11,483,119
Minority interest.........	--	--	--	--	--	6,761,825	6,761,825
Member's equity...........	3,204,122	--	3,204,122	3,500,000	--	(6,704,122)	--
Stockholders' equity......	--	--	--	--	--	2,974,109	2,974,109
OPERATING DATA (AT END OF PERIOD, EXCEPT FOR AVERAGES):							
Homes passed(f)...........	4,509,000	1,020,000	5,529,000	4,220,000			9,749,000
Basic customers(g)........	2,734,000	670,000	3,404,000	2,761,000			6,165,000
Basic penetration(h)......	60.6%	65.7%	61.6%	65.4%			63.2%
Premium units(i)..........	1,676,000	317,000	1,993,000	1,081,000			3,074,000
Premium penetration(j)....	61.3%	47.3%	58.5%	39.2%			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	$ 478,821	$ 1,538,703
Operating expenses:				
Operating, general and administrative	304,555	236,595	248,915	790,065
Depreciation and amortization	370,406	258,348	259,290	888,044
Stock option compensation expense	845	--	--	845
Corporate expense charges(a)	16,493	17,042	6,759	40,294
Management fees	--	--	12,107	12,107
Total operating expenses	692,299	511,985	527,071	1,731,355
Loss from operations	(90,346)	(54,056)	(48,250)	(192,652)
Interest expense	(204,770)	(140,651)	(194,529)	(539,950)
Other income (expense)	518	--	(3,310)	(2,792)
Loss before minority interest	(294,598)	(194,707)	(246,089)	(735,394)
Minority interest	--	--	--	--
Loss before extraordinary item	(294,598)	(194,707)	(246,089)	(735,394)
Preferred dividends	--	--	(10,665)	(10,665)
Loss applicable to equity holders	$ (294,598)	$ (194,707)	$ (256,754)	$ (746,059)
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	$ 207,730	$ 692,600
EBITDA margin(d)	46.6%	44.6%	43.4%	45.0%
Adjusted EBITDA(e)	$ 297,398	$ 221,334	$ 229,906	$ 748,638
Cash flows from operating activities	141,602	135,466	78,612	355,680
Cash flows used in investing activities	(387,633)	(217,729)	(171,296)	(776,658)
Cash flows from financing activities	210,306	109,924	32,985	353,215
Cash interest expense				
Capital expenditures	213,353	224,723	58,107	496,183
BALANCE SHEET DATA (AT END OF PERIOD):				
Total assets	$4,335,527	$2,900,129	$3,462,977	$10,698,633
Total debt	2,002,206	1,520,995	3,228,277	6,751,478
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	1,506,000	5,398,000
Basic customers(g)	1,255,000	1,061,000	1,038,000	3,354,000
Basic penetration(h)	58.4%	60.9%	68.9%	62.1%
Premium units(i)	845,000	411,000	558,000	1,814,000
Premium penetration(j)	67.3%	38.7%	53.8%	54.1%
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	$ 1,152,801	$ --	$ --	$ 2,691,504
Operating expenses:				
Operating, general and administrative	569,650	--	--	1,359,715
Depreciation and amortization	822,000	--	--	1,710,044
Stock option compensation expense	--	--	--	845
Corporate expense charges(a)	41,322	--	--	81,616
Management fees	8,696	--	--	20,803
Total operating expenses	1,441,668	--	--	3,173,023
Loss from operations	(288,867)	--	--	(481,519)
Interest expense	(427,911)	7,000	--	(960,861)
Other income (expense)	(8,152)	--	--	(10,944)
Loss before minority interest	(724,930)	7,000	--	(1,453,324)

Minority interest	--	--	999,900	999,900
Loss before extraordinary item	(724,930)	7,000	999,900	(453,424)
Preferred dividends	--	--	10,665	--
Loss applicable to equity holders	$ (724,930)	$ 7,000	$1,010,565	$ (453,424)
Basic loss per share(b)				$(2.67)
Diluted loss per share(b)				$(2.67)
Weighted average shares outstanding:				
Basic				170,050,000
Diluted				170,050,000
OTHER FINANCIAL DATA:				
EBITDA(c)	$ 524,981			$ 1,217,581
EBITDA margin(d)	45.5%			45.2%
Adjusted EBITDA(e)	$ 583,151			$ 1,331,789
Cash flows from operating activities	233,844			589,524
Cash flows used in investing activities	(517,611)			(1,294,269)
Cash flows from financing activities	203,487			556,702
Cash interest expense				790,129
Capital expenditures	254,045			750,228
BALANCE SHEET DATA (AT END OF PERIOD):				
Total assets	$11,028,799	$125,000	$ --	$21,852,432
Total debt	4,450,118	128,604	--	11,330,200
Minority interest	--	--	6,914,836	6,914,836
Members' equity	3,500,000	(3,604)	(6,925,687)	--
Stockholders' equity	--	--	3,042,763	3,042,763
OPERATING DATA (AT END OF PERIOD, EXCEPT FOR AVERAGES):				
Homes passed(f)	4,203,000			9,601,000
Basic customers(g)	2,740,000			6,094,000
Basic penetration(h)	65.2%			63.5%
Premium units(i)	1,081,000			2,895,000
Premium penetration(j)	39.5%			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.

Following the offering, Mr. Allen will own high vote Class B common stock representing approximately 93.0% of the voting power of all of Charter Communications, Inc.'s capital stock, making the same assumptions described on page 4 above with respect to our organizational chart. Charter Communications, Inc., as the sole manager and owner of 100% of the voting power of Charter Communications Holding Company, will control Charter Communications Holding Company. Accordingly, 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 and approval of merger transactions involving us and sales of all or substantially all of our assets. As the owner of approximately 96.8% of the Class B common stock, Mr. Allen will be entitled under the terms of Charter Communications, Inc.'s certificate of incorporation to elect all but one member of Charter Communications, Inc.'s board of directors and will have the sole power to amend the provisions of Charter Communications, Inc.'s certificate of incorporation relating to the activities in which we may engage and the exchange ratio of common stock to membership units. Mr. Allen's control may continue in the future through the high vote Class B common stock even if Mr. Allen, through his direct and indirect ownership of Class B common stock and membership units, owns a minority economic interest in our business. Control by Mr. Allen may have the effect of preventing or discouraging transactions involving an actual or potential change of control. This may include a transaction in which holders of Class A common stock might otherwise receive a premium for their shares over the then-current market price.

As investors in Charter Communications, Inc., holders of Class A common stock will have only a very limited voting interest, 5.0% at the closing of the offering, in a holding company, despite having an economic interest in Charter Communications, Inc. in excess of 99.9%.

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

Through his direct ownership of shares of our high vote Class B common stock, indirect ownership of membership units in Charter Communications Holding Company and his service as Chairman of our board of directors, Mr. Allen has the ability to control management and fundamental corporate transactions requiring equity holder approval, including without limitation, election of directors, approval of potential acquisitions of businesses, merger transactions involving us, sales of all or substantially all of our assets or the assets of

Charter, the disposition of securities and the payment of dividends. His control position could create conflicts of interest if he is faced with decisions that could have implications both for him personally or other entities in which he has an interest and for us and the holders of Class A common stock. Further, through his effective control of our management and affairs, Mr. Allen could cause us to enter into contracts with another corporation 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 or electronic commerce, which is business and financial transactions conducted through broadband interactivity and Internet services. Mr. Allen may also engage through one or more of his affiliates 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's affiliates. 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 FIRST DETERMINES NOT 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 held by Mr. Allen have automatically converted into shares of Class A common stock in accordance with Charter Communications, Inc.'s certificate of incorporation, Charter Communications, Inc. and Charter Communications Holding Company, including their subsidiaries, cannot engage in any business activity outside the cable transmission business, 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 on television systems owned, operated or managed by us from time to time. These provisions may limit our ability and the ability of Charter Communications Holding Company and its subsidiaries 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 THAT STOCKHOLDERS MAY CONSIDER FAVORABLE.

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 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 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.

We are a holding company whose sole asset after the closing of the offering will be an approximate 31.0% 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. As holding companies, Charter Communications, Inc. and Charter Communications Holding Company do not hold any assets other than their direct and indirect interests in their operating subsidiaries through their respective equity ownership. Charter Communications Holding Company's direct and indirect subsidiaries conduct all of our operations and own substantially all of our assets. In addition, Charter Communications, Inc. must use any proceeds received from any equity offering to purchase membership units in Charter Communications Holding Company. As a result, Charter Communications, Inc.'s and Charter Communications Holding Company's cash flow and ability to meet their obligations, including any tax obligations, obligations under employment agreements, and obligations under the management services agreements, will depend upon the cash flow of Charter Communications Holding Company's subsidiaries and the payment of funds by these subsidiaries to Charter Communications Holding Company and Charter Communications, Inc. in the form of loans, distributions or otherwise. Our subsidiaries are not obligated to make funds available for payment of these obligations, except pursuant to the management agreements that will go into effect at the closing of this offering. In addition, our 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 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 COULD LIKELY HAVE A MATERIAL ADVERSE IMPACT ON OUR GROWTH, FINANCIAL CONDITION AND RESULTS OF OPERATION.

Because our membership interest in Charter Communications Holding Company constitutes 50% or more of the voting securities issued by Charter Communications Holding Company and Charter Communications Holding Company is not an investment company or relying on an exception from the definition of investment company in Section 3(c)(i) or Section 3(c)(vii) of the Investment Company Act, our membership interest in Charter Communications Holding Company is not an "investment security" as that term is used in the Investment Company Act. 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 and we were to retain less than a primary controlling interest in this 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 interest in this company were to lose its special voting privileges. See "Description of Capital Stock and Membership Units -- Membership Units."

Generally, a person is an "investment company" if it owns investment securities having a value exceeding 40% of the value of its total assets (exclusive of U.S. government securities and cash items). Following the offering, our sole asset will be our equity interest in Charter Communications Holding Company. 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 and become subject to the registration and substantive requirements of the Investment Company Act. We and Charter Communications Holding Company intend to conduct our operations so that we are not deemed to be an investment company under the Investment Company Act. However, 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.

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., which is a holding company, 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 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 and the price that purchasers would be willing to pay for the Class A common stock in a change of control transaction or otherwise. The market price of your Class A common stock 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.

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 $11.5 billion and our total stockholders' equity was approximately $3.0 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 may also incur debt to finance pending or 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 that are 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 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 $1.5 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 $716 million. 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 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.

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. 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.

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. 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. The inability to pass these programming cost increases on to our customers will have an adverse impact on our cash flow and operating margins.

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.

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 served approximately 3.4 million customers. In addition, we may acquire more cable systems in the future, through 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.

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

Our subsidiaries have entered into five agreements to acquire the equity and/or assets of other cable operators for a total purchase price of approximately $10.8 billion, including $2.1 billion in assumed debt. The cash component of the total purchase price will be reduced by equity, valued between $1.4 billion and $1.6 billion, in Charter Communications Holding Company issued to specified sellers in the Falcon and Bresnan acquisitions. The proceeds of the offering, Mr. Allen's equity contributions through Vulcan Cable III Inc., to Charter Communications Holding Company, borrowings under our credit facilities and excess cash will not be sufficient to consummate these acquisitions. Accordingly, we will require additional funds in connection with the acquisitions. See "Management's Discussion and Analysis of Financial Condition and Results of Operations -- Liquidity and Capital Resources". We also may require additional funds for any or all of the following reasons:

- Specified sellers in the Falcon acquisition may elect to receive more of the purchase price in membership units than the minimum number of membership units they are required to receive under the acquisition agreement. If the Falcon sellers do not make this election, the amount of cash we will need to consummate the Falcon acquisition will increase by up to $125 million.

- As we discuss in the next risk factor, we may be required to repurchase or repay outstanding debt of the cable operators that we are acquiring.

- We may complete additional acquisitions.

If we fail to consummate any of these acquisitions because we cannot obtain financing, we would likely be subject to breach of contract and other claims that could materially adversely affect our operating results.

WE MAY BE UNABLE TO OBTAIN SUFFICIENT CAPITAL TO REPURCHASE OR REPAY OUTSTANDING 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 notes issued by Falcon, Avalon and Bresnan under the terms of the indentures governing these notes.

The total principal amount and accreted value of these notes as of June 30, 1999 was $1.3 billion. If we were required to repurchase all of these notes, the total repurchase price would be $1.3 billion, as of June 30, 1999. Further, our acquisitions of Avalon and Bresnan will constitute a change of control under Avalon's and Bresnan's respective credit facilities. In each case, this will trigger an event of default under each of these credit facilities, permitting the lenders to declare all amounts outstanding to be due and payable. As a result, if we are unable to obtain waivers of these events of defaults from the respective lenders or refinance these credit facilities with new credit facilities, we will be required to repay all amounts outstanding under the Avalon and Bresnan credit facilities. As of June 30, 1999, there were $177.4 million and $500.0 million in borrowings outstanding under the Avalon and Bresnan credit facilities, respectively. We cannot assure you that we will be able to obtain capital sufficient to fulfill all of these repurchase and repayment obligations, or be able to obtain necessary waivers from the Avalon and Bresnan lenders or refinance the debt outstanding under the Avalon and Bresnan credit facilities.

SPECIFIED ACQUISITION-RELATED EQUITY HOLDERS ARE OR MAY BE ENTITLED TO CAUSE US

TO REPURCHASE THEIR EQUITY INTERESTS.

A number of holders of membership units of Charter Communications Holding Company and/or shares of Class A common stock of Charter Communications, Inc. have or may have the right to cause us to repurchase these securities.

- The Rifkin sellers who have received and continue to hold preferred membership units have the right to cause Charter Communications Holding Company to repurchase these preferred membership units at any time. The Rifkin sellers may also have rescission rights against Charter Communications, Inc. and Charter Communications Holding Company arising out of a possible violation of Section 5 of the Securities Act of 1933 in connection with the offer and sale of the preferred membership units to the Rifkin sellers. If Charter Communications, Inc. or Charter Communications Holding Company becomes obligated to repurchase all of the Rifkin sellers' equity interests pursuant to these rescission rights, Charter Communications, Inc. or Charter Communications Holding Company would be obligated to repurchase these equity interests for $133.3 million.

- The Falcon sellers that will acquire membership units may have rescission rights against Charter Communications, Inc. and Charter Communications Holding Company arising out of a possible violation of Section 5 of the Securities Act of 1933 in connection with the offer and sale of these membership units to the Falcon sellers. If Charter Communications, Inc. or Charter Communications Holding Company becomes obligated to repurchase all of the Falcon sellers' membership units pursuant to these rescission rights, Charter Communications, Inc. or Charter Communications Holding Company would be obligated to repurchase these membership units for up to $125.0 million.

We cannot guarantee that any or all of these acquisition-related equity holders will not exercise any put or rescission rights that they may have. We cannot assure you that we would be able to obtain capital sufficient to fund any required repurchase or liability. See "Business--Acquisitions" for a description of the issuance of membership units of Charter Communications Holding Company as part of the consideration for our recent and pending acquisitions and repurchase obligations that we may have.

THERE SHOULD BE NO EXPECTATION THAT MR. ALLEN WILL FUND OUR OPERATIONS OR OBLIGATIONS 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 also agreed to purchase an additional $750 million of membership units of Charter Communications Holding Company at the closing of the offering. 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.

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.

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.

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 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, Internet service providers and others may result in providers capable of offering cable television and other telecommunications services in direct competition with us.

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 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 a significant third party with whom we communicate and do business through computers, fails 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 expect further efforts of this type, but cannot predict whether 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. A federal district court in Portland, Oregon upheld the legality of an open access requirement. 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. 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. 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. In addition, our Internet service provider competitors would be strengthened. We may also 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 non-exclusive 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 renew these franchises in the future, and 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.

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, which are companies that have the ability to offer telephone services over the Internet, generally are subject to significant regulation as well as higher fees for pole attachments. 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. Among the factors 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. 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 securities;

- changes in financial forecasts by securities analysts;

- new conditions or trends in the cable industry; and

- market conditions.

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 402,990,815 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. "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.

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 that such sale could occur 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. See "Shares Eligible For Future Sale".

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 $0.51 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 $40.0 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.

Charter Communications, Inc. will temporarily retain a portion of the net proceeds from the offering to finance the purchase of stock as part of the Avalon acquisition which is expected to close in November 1999. Concurrently with the closing of the offering, Charter Communications, Inc. will contribute to Charter Communications Holding Company the net proceeds from the offering less this retained portion and a promissory note with a principal amount equal to the retained portion in exchange for 170 million membership units of Charter Communications Holding Company. Charter Communications, Inc. will transfer the indirect interest it will hold in Avalon Cable LLC as a result of the Avalon acquisition and any remaining cash retained from the proceeds from the offering to Charter Communications Holding Company in payment of the promissory note. 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 34% equity interest in Charter Communications Holding Company as of the closing of the offering, or an approximate 31% equity interest making all of the assumptions described on page 4 with respect to our organizational chart. If the underwriters exercise their over-allotment option in full, those percentages would be 38% and 34%, respectively. 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 and our three founders for proceeds of $.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 had been completed;

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

  (6) the Falcon, Avalon and Bresnan notes and debentures had not been put to us as permitted under the change of control provisions in the indentures for these notes and debentures;

(7) $425 million of the Falcon acquisition 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 be payable in the form of membership units;

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

(9) pending acquisitions had been funded with additional long-term debt of $1.4 billion, which is not arranged at this time;

(10) the underwriters had not exercised their over-allotment option; and

(11) 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	CHARTER COMMUNICATIONS, INC.	
	ACTUAL	PRO FORMA	PRO FORMA AS ADJUSTED
	(DOLLARS IN THOUSANDS)		
Long-term debt:			
Credit facilities(a)	$2,025,000	$ 2,025,000	$ 5,735,000
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
Notes and debentures -- Falcon(b)	--	--	825,250
Notes -- Avalon(c)	--	--	346,000
Notes -- Bresnan(d)	--	--	445,000
Other(e)	1,010	1,010	1,388,198
	5,715,423	5,715,423	12,428,861
Net unamortized discount	(581,113)	(581,113)	(945,742)
Total long-term debt	5,134,310	5,134,310	11,483,119
Members' equity(f)	3,204,122	--	--
Minority interest(f)(g)	--	3,425,546	6,761,825
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; 1 billion 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		2,677,006	2,973,939
Total stockholders' equity(g)(h)	--	2,677,176	2,974,109
Total capitalization	$8,338,432	$11,237,032	$21,219,053

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(a) Pro forma as adjusted credit facilities consist of $3.0 billion of existing credit facilities at Charter Operating, $1.0 billion of committed credit facilities at Falcon, $0.8 billion of credit facilities at Avalon and Bresnan that we expect to arrange on terms similar to the existing credit facilities at those companies and a $0.9 billion credit facility at Fanch that we expect to arrange. If we are unable to arrange this new $1.7 billion in bank financing, the amount of debt needed to be raised prior to closing of our pending acquisitions would increase, as discussed in (e) 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 8.375% senior debentures of $375 million, 9.285% senior discount debentures of $435.25 million, and 11.56% subordinated notes of $15 million.

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

(d) Consists of 8.0% senior notes of $170 million and 9.25% senior discount notes of $275 million.

(e) Pro forma as adjusted includes $1.4 billion of additional long-term debt that we expect to raise prior to the closing of the pending acquisitions to fund a portion of these acquisitions, including the Bresnan acquisition. This amount would increase to $4.4 billion (representing the estimated $1.4 billion shortfall, $1.7 billion of credit facilities, $1.3 billion of notes and debentures) to the extent we have to repay notes, debentures and credit facility borrowings of our pending acquisitions that are put to us or we will need to repurchase upon a change of control of the acquired entities. Additionally, should Rifkin sellers choose to redeem their preferred membership units the estimated shortfall would increase to $4.5 billion. Although we have shown the $1.4 billion amount as debt in the above table, we intend to finance $1.1 billion of this amount by issuing convertible debt, convertible preferred or privately-placed equity securities. We can give no assurance that additional debt or equity financing will be available to us.

(f) Minority interest represents total member's equity of Charter Communications Holding Company multiplied by 56% (pro forma) and 69% (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, additional equity interests in Charter Communications Holding Company membership units issued to sellers of Falcon and Bresnan recorded at $1.425 billion and $133.3 million of additional preferred equity interests in Charter Communications Holding Company issued to the sellers in the Rifkin acquisition. 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.

(g) Approximately 10% and 59% of the membership units of Charter Communications Holding Company are exchangeable for Class A and Class B common stock, respectively, 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 $6.8 billion and minority interest would decrease by $6.8 billion.

(h) 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 $444.2 million.

DILUTION

The following table illustrates the dilution in pro forma net tangible book value (total assets less total liabilities) on a per share basis. In calculating the dilution, we have made the same assumptions described on the following page 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	17.95	
Decrease in pro forma net tangible book value per share attributable to new investors purchasing shares in the offering	(0.46)	
Pro forma net tangible book value per share after the offering		17.49
Pro forma dilution per share to new investors(a)		$ 0.51

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(a) Assuming the exercise of the underwriters' over-allotment option, pro forma dilution per share to new investors would be $0.45. Assuming $550 million rather than $425 million of Falcon's purchase price is paid in the form of Charter Communications Holding Company membership units and assuming no exercise of the underwriters' over-allotment option, pro forma dilution per share to new investors would be $0.43. Assuming $425 million of Falcon's purchase price is paid in the form of membership units, the underwriters' over-allotment option is not exercised and the membership units of Charter Communications Holding Company issued to the Falcon and Bresnan sellers were based on $18 per unit instead of the assumed $26.34 per unit and, therefore, more units would be issued to the Falcon and Bresnan sellers, pro forma dilution per share to new investors would be $1.27.

The table above and related discussion assumes no exercise of any stock options outstanding. At June 30, 1999, there were options outstanding to purchase 16,538,208 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, except for membership units received by our chief executive officer which are exchangeable for Class A common stock. To the extent that all of these options are exercised, pro forma dilution per share to the new investors would be $0.44.

The following table summarizes the relative investment in Charter Communications Holding Company of the existing holders of Charter Communications Holding Company membership units and Charter Communications, Inc., giving pro forma effect to the purchase of Charter Communications Holding Company membership units by Charter Communications, Inc. with the net proceeds of the offering. This information is presented because it more accurately describes the percentage ownership of the business of Charter Communications Holding Company represented by the Class A common stock.

	MEMBERSHIP UNITS PURCHASED		CONSIDERATION		AVERAGE PRICE PER MEMBERSHIP UNIT
	NUMBER	PERCENT	PAID	PERCENT	
			(IN THOUSANDS)		
Existing holders of membership units	324,955,052	66%	$5,633,300	66%	$17.34
Charter Communications, Inc	170,000,000	34	2,897,500	34	17.04
Total	494,955,052	100%	$8,530,800	100%	

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. 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 recent 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 54.1 million membership units at a price per unit of $26.34. The number of units could vary based on the value of Charter Communications Holding Company at the closing of the acquisitions, however, we believe the effects would not have a material impact on the unaudited pro forma financial statements. Mr. Allen will receive 43.4 million membership units for his $750 million equity investment. 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 69% of the equity of Charter Communications Holding Company after the investment by Charter Communications, Inc. and depict 69% 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, and we will arrange new credit facilities at Fanch.

- The holders of the public notes and debentures of Falcon, Avalon and Bresnan 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 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 $425 to $550 million, may, at the option of specified Falcon sellers, be payable in the form of membership units in Charter Communications Holdings Company. The exact amount of purchase price payable in membership units will be determined by reference to a formula in the Falcon acquisition purchase agreement.

- As of the closing of the offering, approximately 69% 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. common stock.

- We will fund certain pending acquisitions prior to closing with additional long-term debt of $1.4 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 are disclosed in the notes to the Unaudited Pro Forma Financial Statements.

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)	REFINANCING ADJUSTMENTS (NOTE C)	OFFERING ADJUSTMENTS (NOTE D)	TOTAL
	(DOLLARS IN THOUSANDS, EXCEPT PER SHARE DATA)						
Revenues................	$ 594,173	$ 240,641	$ 834,814	$ 597,234	$ --	$ --	$ 1,432,048
Operating expenses:							
Operating, general and administrative......	310,325	119,953	430,278	307,736	--	--	738,014
Depreciation and amortization........	313,621	122,155	435,776	402,300	--	--	838,076
Stock option compensation expense............	38,194	--	38,194	--	--	--	38,194
Corporate expense charges (Note E)............	11,073	17,943	29,016	18,711	--	--	47,727
Management fees.......	--	4,891	4,891	3,849	--	--	8,740
Total operating expenses..........	673,213	264,942	938,155	732,596	--	--	1,670,751
Loss from operations....	(79,040)	(24,301)	(103,341)	(135,362)	--	--	(238,703)
Interest expense........	(183,869)	(76,753)	(260,622)	(234,567)	4,300	--	(490,889)
Interest income.........	10,189	293	10,482	951	--	--	11,433
Other income (expense)..	2,682	(894)	1,788	(26)	--	--	1,762
Income (loss) before minority interest.....	(250,038)	(101,655)	(351,693)	(369,004)	4,300	--	(716,397)
Minority interest.......	--	--	--	--	--	492,864	492,864
Loss before extraordinary item....	(250,038)	(101,655)	(351,693)	(369,004)	4,300	492,864	(223,533)
Preferred dividends.....	--	(5,332)	(5,332)	--	--	5,332	--
Loss applicable to equity holders........	$ (250,038)	$(106,987)	$ (357,025)	$ (369,004)	$ 4,300	$498,196	$ (223,533)
Basic loss per share (Note F)..............							$(1.31)
Diluted loss per share (Note F)..............							$(1.31)
Weighted average shares outstanding:							
Basic.................							170,050,000
Diluted..............							170,050,000

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)	REFINANCING ADJUSTMENTS (NOTE C)	OFFERING ADJUSTMENTS (NOTE D)	TOTAL
	(DOLLARS IN THOUSANDS, EXCEPT PER SHARE DATA)						
OTHER FINANCIAL DATA:							
EBITDA (Note G).........	$ 237,263	$ 96,960	$ 334,223	$ 266,912			$ 601,135
EBITDA margin (Note H).............	39.9%	40.3%	40.0%	44.7%			42.0%
Adjusted EBITDA (Note I).............	$ 283,848	$ 120,688	$ 404,536	$ 289,498			$ 694,034
Cash flows from operating activities...........	172,770	44,321	217,091	233,959			451,050
Cash flows used in investing activities...........	(271,191)	(43,464)	(314,655)	(182,321)			(496,976)
Cash flows from (used in) financing activities...........	207,131	85,508	292,639	448,714			741,353
Cash interest expense...							404,732
Capital expenditures....	262,507	63,027	325,534	154,368			479,902
OPERATING DATA (AT END OF PERIOD, EXCEPT FOR AVERAGES):							
Homes passed (Note J).............	4,509,000	1,020,000	5,529,000	4,220,000			9,749,000
Basic customers (Note K).............	2,734,000	670,000	3,404,000	2,761,000			6,165,000
Basic penetration (Note L)....................	60.6%	65.7%	61.6%	65.4%			63.2%
Premium units (Note M)..	1,676,000	317,000	1,993,000	1,081,000			3,074,000
Premium penetration (Note N).............	61.3%	47.3%	58.5%	39.2%			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)	OTHER	TOTAL RECENT
Revenues	$20,396	$12,311	$42,348	$ 42,956	$105,592	$ 9,157	$232,760
Operating expenses:							
Operating, general and administrative	9,382	6,465	26,067	26,927	59,987	4,921	133,749
Depreciation and amortization	8,912	5,537	5,195	13,584	54,250	2,919	90,397
Management fees	--	369	--	2,148	1,701	298	4,516
Total operating expenses	18,294	12,371	31,262	42,659	115,938	8,138	228,662
Income (loss) from operations	2,102	(60)	11,086	297	(10,346)	1,019	4,098
Interest expense	(6,321)	(3,218)	(565)	(15,831)	(23,781)	(1,653)	(51,369)
Interest income	122	32	--	105	--	--	259
Other income (expense)	--	2	(398)	--	(471)	(30)	(897)
Income (loss) before income tax expense	(4,097)	(3,244)	10,123	(15,429)	(34,598)	(664)	(47,909)
Income tax expense	(65)	5	4,535	--	(1,239)	--	3,236
Income (loss) before extraordinary item	$(4,032)	$(3,249)	$5,588	$(15,429)	$(33,359)	$ (664)	$(51,145)

	SIX MONTHS ENDED JUNE 30, 1999 PENDING ACQUISITIONS -- HISTORICAL					
	INTERMEDIA SYSTEMS	AVALON	FALCON	FANCH(B)	BRESNAN	TOTAL PENDING
Revenues	$100,644	$ 51,769	$ 212,205	$98,931	$137,291	$ 600,840
Operating expenses:						
Operating, general and administrative	55,248	29,442	112,557	44,758	84,256	326,261
Depreciation and amortization	52,309	22,096	110,048	32,303	26,035	242,791
Equity-based deferred compensation	--	--	44,600	--	--	44,600
Management fees	1,566	--	--	2,644	--	4,210
Total operating expenses	109,123	51,538	267,205	79,705	110,291	617,862
Income (loss) from operations	(8,479)	231	(55,000)	19,226	27,000	(17,022)
Interest expense	(11,757)	(23,246)	(64,852)	(666)	(31,941)	(132,462)
Interest income	163	708	--	6	--	877
Other income (expense)	(6)	--	9,970	89	(607)	9,446
Income (loss) before income tax expense (benefit)	(20,079)	(22,307)	(109,882)	18,655	(5,548)	(139,161)
Income tax expense (benefit)	(2,690)	(1,362)	(2,459)	118	--	(6,393)
Income (loss) before extraordinary item	$(17,389)	$(20,945)	$(107,423)	$18,537	$ (5,548)	$(132,768)

	SIX MONTHS ENDED JUNE 30, 1999					
	RECENT ACQUISITIONS				PENDING ACQUISITIONS	
		PRO FORMA				PRO FORMA
	HISTORICAL	ACQUISITIONS(C)	ADJUSTMENTS	TOTAL	HISTORICAL	ACQUISITIONS(C)
Revenues................	$232,760	$ 7,881	$ --	$ 240,641	$ 600,840	$29,378
Operating expenses:						
Operating, general and administrative......	133,749	4,147	(17,943)(e)	119,953	326,261	16,317
Depreciation and amortization........	90,397	1,075	30,683(f)	122,155	242,791	6,444
Equity-based deferred compensation........	--	--	--	--	44,600	--
Corporate expense charges.............	--	--	17,943(e)	17,943	--	--
Management fees.......	4,516	375	--	4,891	4,210	757
Total operating expenses............	228,662	5,597	30,683	264,942	617,862	23,518
Income (loss) from operations............	4,098	2,284	(30,683)	(24,301)	(17,022)	5,860
Interest expense........	(51,369)	(1,361)	(24,023)(h)	(76,753)	(132,462)	(567)
Interest income.........	259	34	--	293	877	74
Other income (expense).............	(897)	5	(2)(i)	(894)	9,446	48,844
Income (loss) before income tax expense (benefit).............	(47,909)	962	(54,708)	(101,655)	(139,161)	54,211
Income tax (benefit) expense...............	3,236	(114)	(3,122)(j)	--	(6,393)	97
Income (loss) before extraordinary item....	(51,145)	1,076	(51,586)	(101,655)	(132,768)	54,114
Preferred dividends.....	--	--	(5,332)(k)	(5,332)	--	--
Loss applicable to equity holders........	$(51,145)	$ 1,076	$(56,918)	$(106,987)	$(132,768)	$54,114

	SIX MONTHS ENDED JUNE 30, 1999		
	PENDING ACQUISITIONS		
	PRO FORMA		
	DISPOSITIONS(D)	ADJUSTMENTS	TOTAL
Revenues................	$(32,984)	$ --	$ 597,234
Operating expenses:			
Operating, general and administrative......	(16,131)	(18,711)(e)	307,736
Depreciation and amortization........	(13,659)	166,724(f)	402,300
Equity-based deferred compensation........	--	(44,600)(g)	--
Corporate expense charges.............	--	18,711(e)	18,711
Management fees.......	(1,118)	--	3,849
Total operating expenses............	(30,908)	122,124	732,596
Income (loss) from operations............	(2,076)	(122,124)	(135,362)
Interest expense........	31	(101,569)(h)	(234,567)
Interest income.........	--	--	951
Other income (expense).............	(2,560)	(55,756)(i)	(26)
Income (loss) before income tax expense (benefit).............	(4,605)	(279,449)	(369,004)
Income tax (benefit) expense...............	--	6,296(j)	--
Income (loss) before extraordinary item....	(4,605)	(285,745)	(369,004)
Preferred dividends.....	--	--	--
Loss applicable to equity holders........	$ (4,605)	$(285,745)	$(369,004)

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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 primarily related to the cable systems to be transferred to InterMedia as part of a swap of cable systems and to the sale of several smaller cable systems. A definitive written agreement exists for the disposition on these systems. The fair value of our systems to be transferred to InterMedia is $420 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. It is anticipated that this transfer to InterMedia will close during the third quarter of 1999.

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

(f) 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 ($12.2 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	$12,178.4	15	$400.8
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			524.4
Less-historical depreciation and amortization			(327.0)
Adjustment			$197.4

(g) 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.

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

$109.6 million of credit facilities at composite current rate of 7.4% drawn down in March 1999, included in Charter Holdings' historical cash	$ 4.1
$1.0 billion credit facilities at composite current rate of 7.4%	36.0
$114.4 million 10.0% senior discount notes ($82.6 million carrying value) -- Renaissance	4.2
$375.0 million 8.375% senior debentures -- Falcon	15.7
$435.3 million 9.285% senior discount debentures ($304.7 million carrying value) -- Falcon	13.7
$15.0 million 11.56% subordinated notes -- Falcon	0.9

$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
$170.0 million 8.0% senior notes -- Bresnan................	6.8

$275.0 million 9.25% senior discount notes ($178.8 million carrying value) -- Bresnan	8.1
$2,690.0 million credit facilities of acquisitions (at composite current rate of 7.9%)	106.3
$1,363.4 million anticipated long-term debt (at 10.0%)	68.1
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	311.3
Less-historical interest expense from acquired companies	(185.7)
Adjustment	$ 125.6

We have assumed that 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. The Falcon sellers may take up to an additional $125 million in equity instead of cash. This would reduce interest expense by up to $4.6 million. We have assumed we will fund certain pending acquisitions prior to closing with additional long-term debt of $1.4 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 $1.4 billion increase to $4.4 billion, based on $1.7 billion of credit facilities to be arranged and $1.3 billion of debt which may be put to us based on change of control provisions, interest expense will increase by up to $23.0 million. Additionally, should Rifkin sellers choose to redeem their preferred membership units, the estimated shortfall would increase to $4.5 billion and interest expense will increase by $6.7 million while preferred equity dividends will decrease by $5.3 million. Principal approximates carrying value for all undiscounted debt.

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

(k) Represents dividends of 8% on the preferred equity interests issued to the Rifkin sellers.

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)

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An increase in the interest rate of 0.125% on all variable rate debt would result in an increase in interest expense of $3.6 million.

NOTE D: Represents the allocation of 69% of the net loss applicable to common members of Charter Communications Holding Company to the minority interest and the reclassification of preferred dividends of $5.3 million to 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	$ 478,821	$1,538,703
Operating expenses:				
Operating, general and administrative	304,555	236,595	248,915	790,065
Depreciation and amortization	370,406	258,348	259,290	888,044
Stock option compensation expense	845	--	--	845
Corporate expense charges (Note F)	16,493	17,042	6,759	40,294
Management fees	--	--	12,107	12,107
Total operating expenses	692,299	511,985	527,071	1,731,355
Loss from operations	(90,346)	(54,056)	(48,250)	(192,652)
Interest expense	(204,770)	(140,651)	(194,529)	(539,950)
Other income (expense)	518	--	(3,310)	(2,792)
Income (loss) before minority interest	(294,598)	(194,707)	(246,089)	(735,394)
Minority interest	--	--	--	--
Loss before extraordinary item	(294,598)	(194,707)	(246,089)	(735,394)
Preferred dividends	--	--	(10,665)	(10,665)
Loss applicable to equity holders	$ (294,598)	$ (194,707)	$(256,754)	$ (746,059)
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	$ 207,730	$ 692,600
EBITDA margin (Note I)	46.6%	44.6%	43.4%	45.0%
Adjusted EBITDA (Note J)	$ 297,398	$ 221,334	$ 229,906	$ 748,638
Cash flows from operating activities	141,602	135,466	78,612	355,680
Cash flows used in investing activities	(387,633)	(217,729)	(171,296)	(776,658)
Cash flows from (used in) financing activities	210,306	109,924	32,985	353,215
Cash interest expense				
Capital expenditures	213,353	224,723	58,107	496,183
OPERATING DATA (AT END OF PERIOD, EXCEPT FOR AVERAGES):				
Homes passed (Note K)	2,149,000	1,743,000	1,506,000	5,398,000
Basic customers (Note L)	1,255,000	1,061,000	1,038,000	3,354,000
Basic penetration (Note M)	58.4%	60.9%	68.9%	62.1%
Premium units (Note N)	845,000	411,000	558,000	1,814,000
Premium penetration (Note O)	67.3%	38.7%	53.8%	54.1%
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	$1,152,801	$ --	$ --	$ 2,691,504
Operating expenses:				
Operating, general and administrative	569,650	--	--	1,359,715
Depreciation and amortization	822,000	--	--	1,710,044
Stock option compensation expense	--	--	--	845
Corporate expense charges (Note F)	41,322	--	--	81,616
Management fees	8,696	--	--	20,803
Total operating expenses	1,441,668	--	--	3,173,023

Loss from operations	(288,867)	--	--	(481,519)
Interest expense	(427,911)	7,000	--	(960,861)
Other income (expense)	(8,152)	--	--	(10,944)
Income (loss) before minority interest	(724,930)	7,000	--	(1,453,324)
Minority interest	--		999,900	999,900
Loss before extraordinary item	(724,930)	7,000	999,900	(453,424)
Preferred dividends	--	--	10,665	--
Loss applicable to equity holders	$ (724,930)	$7,000	$1,010,565	$ (453,424)
Basic loss per share (Note G)				$ (2.67)
Diluted loss per share (Note G)				$ (2.67)
Weighted average shares outstanding:				
Basic				170,050,000
Diluted				170,050,000
OTHER FINANCIAL DATA:				
EBITDA (Note H)	524,981			$ 1,217,581
EBITDA margin (Note I)	45.5%			45.2%
Adjusted EBITDA (Note J)	$ 583,151			$ 1,331,789
Cash flows from operating activities	233,844			589,524
Cash flows used in investing activities	(517,611)			(1,294,269)
Cash flows from (used in) financing activities	203,487			556,702
Cash interest expense				790,129
Capital expenditures	254,045			750,228
OPERATING DATA (AT END OF PERIOD, EXCEPT FOR AVERAGES):				
Homes passed (Note K)	4,203,000			9,601,000
Basic customers (Note L)	2,740,000			6,094,000
Basic penetration (Note M)	65.2%			63.5%
Premium units (Note N)	1,081,000			2,895,000
Premium penetration (Note O)	39.5%			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)	DISPOSITIONS(B)	ADJUSTMENTS	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):

	YEAR ENDED DECEMBER 31, 1998						
	RECENT ACQUISITIONS -- HISTORICAL						
	RENAISSANCE	AMERICAN CABLE	GREATER MEDIA SYSTEMS	HELICON	RIFKIN(A)	OTHER	TOTAL RECENT
Revenues	$ 41,524	$15,685	$78,635	$ 75,577	$124,382	$15,812	$351,615
Operating expenses:							
Operating, general and administrative	21,037	7,441	48,852	40,179	63,815	7,821	189,145
Depreciation and amortization	19,107	6,784	8,612	24,290	47,657	4,732	111,182
Corporate expense charges	--	--	--	--	--	--	--
Management fees	--	471	--	3,496	4,106	--	8,073
Total operating expenses	40,144	14,696	57,464	67,965	115,578	12,553	308,400
Income from operations	1,380	989	21,171	7,612	8,804	3,259	43,215
Interest expense	(14,358)	(4,501)	(535)	(27,634)	(30,482)	(4,023)	(81,533)
Interest income	158	122	--	93	--	--	373
Other income (expense)	--	--	(493)	--	36,279	5	35,791
Income (loss) before income tax expense	(12,820)	(3,390)	20,143	(19,929)	14,601	(759)	(2,154)
Income tax expense	135	--	7,956	--	(4,178)		3,913
Income (loss) before extraordinary item	$(12,955)	$(3,390)	$12,187	$(19,929)	$ 18,779	$ (759)	$ (6,067)

	YEAR ENDED DECEMBER 31, 1998					
	PENDING ACQUISITIONS -- HISTORICAL					
	INTERMEDIA SYSTEMS	AVALON	FALCON	FANCH(B)	BRESNAN	TOTAL PENDING
Revenues	$176,062	$ 18,187	$ 307,558	$141,104	$261,964	$ 904,875
Operating expenses:						
Operating, general and administrative	86,753	10,067	161,233	62,977	150,750	471,780
Depreciation and amortization	85,982	8,183	152,585	45,886	54,308	346,944
Corporate expense charges	--	655	--	105	--	760
Management fees	3,147	--	--	3,998	--	7,145
Total operating expenses	175,882	18,905	313,818	112,966	205,058	826,629
Income (loss) from operations	180	(718)	(6,260)	28,138	56,906	78,246
Interest expense	(25,449)	(8,223)	(102,591)	(1,873)	(18,296)	(156,432)
Interest income	341	173	--	17	--	531
Other income (expense)	23,030	(463)	(3,093)	(6,628)	26,754	39,600
Income (loss) before income tax expense (benefit)	(1,898)	(9,231)	(111,944)	19,654	65,364	(38,055)
Income tax expense (benefit)	1,623	186	1,897	286	--	3,992
Income (loss) before extraordinary item	$ (3,521)	$ (9,417)	$(113,841)	$ 19,368	$ 65,364	$ (42,047)

	YEAR ENDED DECEMBER 31, 1998				
	RECENT ACQUISITIONS				
		PRO FORMA			
	HISTORICAL	ACQUISITIONS(C)	DISPOSITIONS	ADJUSTMENTS	TOTAL RECENT
Revenues	$351,615	$127,429	$(223)	$ --	$ 478,821
Operating expenses:					
Operating, general and administrative	189,145	66,641	(112)	(6,759)(e)	248,915
Depreciation and amortization	111,182	31,262	(92)	116,938(f)	259,290
Corporate expense charges	--	--	--	6,759(e)	6,759
Management fees	8,073	4,042	(8)	--	12,107
Total operating expenses	308,400	101,945	(212)	116,938	527,071
Income (loss) from operations	43,215	25,484	(11)	(116,938)	(48,250)
Interest expense	(81,533)	(30,354)	59	(82,701)(g)	(194,529)
Interest income	373	323	--	--	696
Other income (expense)	35,791	(178)	(97)	(39,522)(h)	(4,006)
Income (loss) before income tax expense (benefit)	(2,154)	(4,725)	(49)	(239,161)	(246,089)
Income tax expense (benefit)	3,913	2,431	10	(6,354)(i)	--
Income (loss) before extraordinary item	(6,067)	(7,156)	(59)	(232,807)	(246,089)
Preferred dividends	--	--	--	(10,665)(j)	(10,665)
Loss applicable to equity holders	$ (6,067)	$ (7,156)	$ (59)	$(243,472)	$(256,754)

	YEAR ENDED DECEMBER 31, 1998				
	PENDING ACQUISITIONS				
		PRO FORMA			
	HISTORICAL	ACQUISITIONS(C)	DISPOSITIONS(D)	ADJUSTMENTS	TOTAL PENDING
Revenues	$ 904,875	$319,072	$ (71,146)	$ --	$1,152,801
Operating expenses:					
Operating, general and administrative	471,780	160,438	(36,968)	(25,600)(e)	569,650
Depreciation and amortization	346,944	88,436	(39,035)	425,655(f)	822,000
Corporate expense charges	760	14,962	--	25,600(e)	41,322
Management fees	7,145	2,175	(624)	--	8,696
Total operating expenses	826,629	266,011	(76,627)	425,655	1,441,668
Income (loss) from operations	78,246	53,061	5,481	(425,655)	(288,867)
Interest expense	(156,432)	(23,667)	17,606	(265,418)(g)	(427,911)
Interest income	531	801	--	--	1,332
Other income (expense)	39,600	4,446	(748)	(52,782)(h)	(9,484)
Income (loss) before income tax expense (benefit)	(38,055)	34,641	22,339	(743,855)	(724,930)
Income tax expense (benefit)	3,992	(1,762)	--	(2,230)(i)	--
Income (loss) before extraordinary item	(42,047)	36,403	22,339	(741,625)	(724,930)
Preferred dividends	--	--	--	--	--
Loss applicable to equity holders	$ (42,047)	$ 36,403	$ 22,339	$(741,625)	$ (724,930)

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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	FALCON
Purchase price	$309.5	$29.1	$26.1	$165.0	$30.5	$86.2
Closing date	April 1998	December 1998	December 1998	February 1999	July 1998	July 1998
Purchase price				$53.8	$431.6	$158.6
Closing date				July 1999	November 1998	September 1998
Purchase price						$513.3
Closing date						September 1998
Purchase price						
Closing date						
Purchase price						
Closing date						

	FANCH	BRESNAN
Purchase price	$42.2	$17.0
Closing date	February 1999	February 1998
Purchase price	$248.0	$11.8
Closing date	February 1999	October 1998
Purchase price	$70.5	$40.0
Closing date	March 1999	January 1999
Purchase price	$50.0	$27.0
Closing date	June 1999	March 1999
Purchase price		
Closing date		

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

(d) Represents the elimination of the operating results primarily related to the cable systems to be transferred to InterMedia as part of a swap of cable systems and related to the sale of several smaller cable systems. A definitive written agreement exists for the disposition on these systems. The fair value of the systems to be transferred to InterMedia is $420 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. It is anticipated that this transfer to InterMedia will close during the third quarter of 1999.

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

(f) 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 ($12.2 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	$12,178.4	15	$ 812.3
Cable distribution systems	1,729.1	8	230.5
Land, building and improvements	53.9	10	5.6
Vehicles and equipment	89.1	3	32.9
Total depreciation and amortization			1,081.3
Less-historical depreciation and amortization			(538.7)
Adjustment			$ 542.6

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

$1,059.9 million of credit facilities at composite current rate of 7.4% drawn down in March 1999 included in Charter Holdings' historical cash................................	$ 79.1
$1,333.1 million of credit facilities at composite current rate of 7.4%..	96.7
$114.4 million 10% senior discount notes ($78.1 million carrying value) -- Renaissance...........................	8.0
$375.0 million 8.375% senior debentures -- Falcon...........	31.4
$435.3 million 9.285% senior discount debentures ($302.5 million carrying value) -- Falcon.........................	27.0
$15.0 million 11.56% subordinated notes -- Falcon...........	1.7
$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
$170.0 million 8.0% senior notes -- Bresnan................	13.6
$275.0 million 9.25% senior discount notes ($185.6 million carrying value) -- Bresnan...............................	16.2
Credit facilities of acquisitions (at composite current rate of 7.4%)..	199.7
Anticipated long-term debt (at 10%)........................	121.3
Total pro forma interest expenses........................	622.4
Less-historical interest expense from acquired companies..	(274.3)
Adjustment..	$ 348.1

We have assumed that 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. The Falcon sellers may take up to an additional $125 million in equity instead of cash. This would reduce interest expense by up to $9.2 million. We have assumed we will fund certain pending acquisitions prior to closing with additional long-term debt of $1.4 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 $1.9 million. Should the estimated shortfall of $1.4 billion increase to $4.4 billion, based on $1.7 billion of credit facilities to be arranged and $1.3 billion of debt which may be put to us based on change of control provisions, interest expense will increase by up to $45.9 million. Additionally, should the Rifkin sellers choose to redeem their preferred membership units, the estimated shortfall would increase to $4.5 billion and interest expense will increase by an additional $13.3 million while preferred equity dividends will decrease by $10.7 million. Principal approximates carrying value for all undiscounted debt.

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

(i) 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.

(j) Represents dividends of 8% on the preferred equity interests issued to the Rifkin Sellers.

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 $7.2 million.

NOTE E: Represents the allocation of 69% of the net loss of Charter Communications Holding Company to the minority interest and the reclassification of preferred dividends of $10.7 million to 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	$ (95,449)	$ 14,177	$ 10,868	$ --	$ 25,045
Accounts receivable, net	32,487	17,426	49,913	41,754	--	91,667
Prepaid expenses and other	10,181	4,946	15,127	37,389	--	52,516
Total current assets	152,294	(73,077)	79,217	90,011	--	169,228
Property, plant and equipment	1,764,499	410,388	2,174,887	1,367,970	--	3,542,857
Franchises	6,591,972	1,774,273	8,366,245	9,613,677	--	17,979,922
Other assets	178,709	--	178,709	7,865	--	186,574
Total assets	$8,687,474	$2,111,584	$10,799,058	$11,079,523	$ --	$21,878,581
LIABILITIES AND STOCKHOLDERS' EQUITY						
Accounts payable and accrued expenses	$ 273,987	$ 63,560	$ 337,547	$ 244,574	$ --	$ 582,121
Current deferred revenue	--	--	--	2,352	--	2,352
Payables to manager of cable television systems	21,745	--	21,745	--	--	21,745
Total current liabilities	295,732	63,560	359,292	246,926	--	606,218
Pending acquisition payable	--	--	--	2,898,500	(2,898,500)	--
Long-term debt	5,134,310	1,914,712	7,049,022	4,434,097	--	11,483,119
Other long-term liabilities	53,310	133,312	186,622	--	(133,312)	53,310
Minority interest	--	--	--	--	6,761,825	6,761,825
Member's equity	3,204,122	--	3,204,122	3,500,000	(6,704,122)	--
Common stock	--	--	--	--	170	170
Additional paid-in capital	--	--	--	--	2,973,939	2,973,939
Total stockholders' equity	--	--	--	--	2,974,109	2,974,109
Total liabilities and stockholders' equity	$8,687,474	$2,111,584	$10,799,058	$11,079,523	$ --	$21,878,581

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	OTHER	TOTAL RECENT
Cash and cash equivalents	$ 6,894	$ 7,156	$ 73	$ 14,123
Accounts receivable, net	1,859	13,118	1,619	16,596
Receivable from related party	6	--	--	6
Prepaid expenses and other	2,172	2,271	155	4,598
Total current assets	10,931	22,545	1,847	35,323
Property, plant and equipment	88,252	297,318	20,610	406,180
Deferred income taxes	--	--	--	--
Franchises	5,610	437,479	54,956	498,045
Other assets	87,165	--	126	87,291
Total assets	$ 191,958	$757,342	$77,539	$1,026,839
Current maturities of long-term debt	$ --	$ --	$ --	$ --
Accounts payable and accrued expenses	14,288	46,777	1,699	62,764
Current deferred revenue	--	--	1,076	1,076
Total current liabilities	14,288	46,777	2,775	63,840
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	--	--	5,000
Other long-term liabilities, including redeemable preferred shares	21,162	--	--	21,162
Equity	(147,568)	157,287	34,077	43,796
Total liabilities and equity	$ 191,958	$757,342	$77,539	$1,026,839

	AS OF JUNE 30, 1999					
	PENDING ACQUISITIONS -- HISTORICAL					
	INTERMEDIA SYSTEMS	AVALON	FALCON	FANCH	BRESNAN	TOTAL PENDING
Cash and cash equivalents	$ --	$ 3,457	$ 11,852	$ 785	$ 2,826	$ 18,920
Accounts receivable, net	16,009	6,158	19,102	2,814	8,917	53,000
Receivable from related party	5,250	--	6,949	--	--	12,199
Prepaid expenses and other	719	415	35,007	1,249	--	37,390
Total current assets	21,978	10,030	72,910	4,848	11,743	121,509
Property, plant and equipment	231,382	116,587	522,587	241,169	330,876	1,442,601
Franchises	226,040	470,041	384,197	4,602	324,990	1,409,870
Deferred income taxes	15,288	--	--	--	--	15,288
Other assets	5,535	32	457,148	606,851	23,515	1,093,081
Total assets	$500,223	$596,690	$1,436,842	$857,470	$691,124	$4,082,349
Current maturities of long-term debt	$ --	$ 25	$ --	$ 754	$ --	$ 779
Accounts payable and accrued expenses	19,874	13,983	144,892	27,156	43,518	249,423
Current deferred revenue	11,778	3,136	2,630	--	--	17,544
Note payable to related party	4,607	--	--	--	--	4,607
Other current liabilities	--	3,160	--	--	3,698	6,858
Total current liabilities	36,259	20,304	147,522	27,910	47,216	279,211
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	414,493	--	--	1,457	--	415,950
Other long-term liabilities, including redeemable preferred shares	18,168	--	--	197	6,015	24,380
Equity	31,303	130,307	(378,643)	815,178	(208,471)	389,674
Total liabilities and equity	$500,223	$596,690	$1,436,842	$857,470	$691,124	$4,082,349

	AS OF JUNE 30, 1999						
	RECENT ACQUISITIONS				PENDING ACQUISITIONS		
		PRO FORMA				PRO FORMA	
	HISTORICAL	ACQUISITIONS(A)	ADJUSTMENTS	TOTAL	HISTORICAL	ACQUISITIONS(A)	DISPOSITIONS(B)
Cash and cash equivalents............	$ 14,123	$ 54	$ (109,626)(c)	$ (95,449)	$ 18,920	$ 755	$ (8,807)
Accounts receivable, net.....................	16,596	830	--	17,426	53,000	55	(1,879)
Receivable from related party..................	6	3	(9)(e)	--	12,199	591	--
Prepaid expenses and other..................	4,598	348	--	4,946	37,390	196	(197)
Total current assets....	35,323	1,235	(109,635)	(73,077)	121,509	1,597	(10,883)
Property, plant and equipment..............	406,180	4,208	--	410,388	1,442,601	7,188	(81,819)
Franchises..............	498,045	6	1,276,222(f)	1,774,273	1,409,870	359	(332,143)
Deferred income taxes....	--	--	--	--	15,288	--	--
Other assets............	87,291	90	(87,381)(h)	--	1,093,081	1,242	(469)
Total assets...........	$1,026,839	$5,539	$1,079,206	$2,111,584	$4,082,349	$10,386	$(425,314)
Current maturities of long-term debt..........	$ --	$ --	$ --	$ --	$ 779	$ --	$ --
Accounts payable and accrued expenses........	62,764	796	--	63,560	249,423	465	(5,314)
Current deferred revenue................	1,076	--	(1,076)(d)	--	17,544	259	--
Note payable to related party..................	--	--	--	--	4,607	(2,561)	--
Other current liabilities............	--	--	--	--	6,858	--	--
Total current liabilities..........	63,840	796	(1,076)	63,560	279,211	(1,837)	(5,314)
Deferred revenue.........	--	170	(170)(d)	--	--	--	--
Deferred income taxes....	6,703	--	(6,703)(g)	--	2,287	359	--
Pending acquisition payable................	--	--	--	--	--	--	--
Long-term debt..........	886,338	1,063	1,027,311(j)	1,914,712	2,970,847	2,815	(420,000)
Note payable to related party, including accrued interest...............	5,000	--	(5,000)(i)	--	415,950	--	--
Other long-term liabilities including redeemable preferred shares.................	21,162	--	112,150(k)	133,312	24,380(k)	10	--
Equity..................	43,796	3,510	(47,306)(l)	--	389,674	9,039	--
Total liabilities and equity...............	$1,026,839	$5,539	$1,079,206	$2,111,584	$4,082,349	$10,386	$(425,314)

	AS OF JUNE 30, 1999	
	PENDING ACQUISITIONS	
	PRO FORMA	
	ADJUSTMENTS	TOTAL
Cash and cash equivalents............	$ --	$ 10,868
Accounts receivable, net.....................	(9,422)(d)	41,754
Receivable from related party..................	(12,790)(e)	--
Prepaid expenses and other..................	--	37,389
Total current assets....	(22,212)	90,011
Property, plant and equipment..............	--	1,367,970
Franchises..............	8,535,591(f)	9,613,677
Deferred income taxes....	(15,288)(g)	--
Other assets............	(1,085,989)(h)	7,865
Total assets...........	$ 7,412,102	$11,079,523
Current maturities of long-term debt..........	$ (779)(j)	$ --
Accounts payable and accrued expenses........	--	244,574
Current deferred revenue................	(15,451)(d)	2,352

Note payable to related party	(2,046)(i)	--
Other current liabilities	(6,858)(i)	--
Total current liabilities	(25,134)	246,926
Deferred revenue	--	--
Deferred income taxes	(2,646)(g)	--
Pending acquisition payable	2,898,500(j)	2,898,500
Long-term debt	1,880,435(j)	4,434,097
Note payable to related party, including accrued interest	(415,950)(i)	--
Other long-term liabilities including redeemable preferred shares	(24,390)(k)	--
Equity	3,101,287(l)	3,500,000
Total liabilities and equity	$ 7,412,102	$11,079,523

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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 the cable systems to be transferred to InterMedia as part of a swap of cable systems. The cable systems being swapped will be accounted for at fair value. No material gain or loss is anticipated in conjunction with the swap. See the "Business" section.

(c) Represents the use of Charter Communications Holding Company cash for the recent and pending acquisitions. The sources of cash for the recent and pending acquisitions are as follows (dollars in millions):

Charter Communications Holding Company's historical cash....		$ 109.6
Funded or expected equity contributions:		
Rifkin preferred equity................................	$ 133.3	
Falcon equity..	425.0	
Bresnan equity...	1,000.0	
Mr. Allen equity contributions.........................	1,325.0	
Mr. Allen committed equity contribution................	750.0	
Net proceeds from initial public offering..............	2,897.6	6,530.9
Expected credit facilities draw down:		
Charter Operatings' credit facilities..................	958.2	
Credit facilities of acquisitions......................	2,690.0	3,648.2
Anticipated long-term debt.................................		1,363.4
Publicly held debt, at fair market value:		
8.375% senior debentures -- Falcon........................	375.0	
9.285% senior discount debentures -- Falcon...............	304.7	
11.56% subordinated notes -- Falcon.......................	15.0	
8.0% senior notes -- Bresnan..............................	170.0	
9.25% senior discount notes -- Bresnan....................	178.8	
9.375% senior subordinated notes -- Avalon................	150.0	
11.875% senior discount notes -- Avalon...................	119.6	1,313.1
Helicon preferred limited liability company interest........		25.0
		$12,990.2

(d) 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.

(e) Reflects assets retained by the seller.

(f) Substantial amounts of the purchase price in (c) above 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	744,099	465,111	1,182,270
Other	(469)	--	--
	$872,700	$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	3,151,581	2,181,139	2,795,757	126,892	11,387,950
Other	--	8,334	--	--	--	7,865
	$859,175	$3,605,864	$2,400,000	$3,094,858	$147,650	$12,990,247

Working capital is adjusted for Charter Communications Holding Company's historical cash of $109.6 million that was used to finance recent acquisitions.

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

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

Subscriber lists	$ (528,890)
Noncompete agreements	(14,871)
Deferred financing costs	(59,746)
Goodwill	(738,127)
Other assets	(94,268)
	(1,435,902)
Less-accumulated amortization	262,532
	$(1,173,370)

(i) Represents liabilities retained by the seller.

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

Long-term debt not assumed	$ (1,889.7)
Helicon notes (to be called)	(115.0)
Rifkin notes (to be tendered)	(125.0)
Total pro forma debt not assumed	(2,129.7)
Additional borrowings	5,011.7
Payable to be financed by equity	2,898.5
Helicon preferred limited liability company interests	25.0
	$ 5,805.5

(k) Represents the elimination of historical liabilities retained by the seller and the addition of redeemable preferred membership interests of $133.3 million issued to the Rifkin sellers.

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

Elimination of historical equity	$ (446,019)
Additional contributions into Charter Communications Holding Company:	
Falcon equity	425,000
Bresnan equity	1,000,000
Mr. Allen's equity contribution	1,325,000
Mr. Allen's committed equity contribution	750,000
	$3,053,981

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. based on Charter Communications, Inc.'s purchase of membership units, including voting control, in Charter Communications Holding Company. This results in the $6.8 billion of member's equity in Charter Communications Holding Company becoming minority interest in the consolidated balance sheet of Charter Communications, Inc. Also included in minority interest is $133.3 million of preferred equity interests of Charter Communications Holding Company issued to the Rifkin sellers.

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

Historical member's equity	$3,204,122
Expected equity contributions	6,398,500
Pro forma members' equity	9,602,622
Minority interest percentage	69%
Minority interest excluding preferred interests	6,628,513
Rifkin preferred equity interests	133,312
	$6,761,825

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

Net proceeds from sale of common stock	$2,898,500
Additional net equity allocated from minority interest	75,609
	$2,974,109

Certain equity interests in Charter Communications Holding Company are exchangeable into Class A and Class B common stock of Charter Communications, Inc. We assume no such equity interests are exchanged. If all equity holders in Charter Communications Holding Company exchanged all of their units for common stock, total stockholders' equity would increase by $6.8 billion and minority interest would decrease by $6.8 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 $224.4 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 February 1999, Marcus Holdings was formed and all of Mr. Allen's interests in Marcus Cable were transferred to Marcus Holdings. 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 and third quarters of 1999, direct or indirect subsidiaries of Charter Holdings acquired Renaissance, American Cable, Greater Media systems, Helicon, Vista, a certain cable system of Cable Satellite and Rifkin for a total purchase price of approximately $2.0 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.

In addition to these acquisitions, since the beginning of 1999, subsidiaries of Charter Holdings have entered into definitive agreements to acquire the InterMedia cable systems and 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, cash, 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 at least $425 million and, at their election, up to $550 million of the Falcon purchase price in the form of membership units in Charter Communications Holding Company. 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 6.9% of the total membership units in Charter Communications Holding Company. See "Business -- Acquisitions". In addition, certain Rifkin sellers elected to receive $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.

As part of the transaction with InterMedia, we will "swap" some of our non-strategic cable systems located in Indiana, Montana, Utah and northern Kentucky, representing 144,000 basic customers, and pay cash of $873 million. The InterMedia systems serve approximately 412,000 customers in Georgia, North Carolina, South Carolina and Tennessee.

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..............	3rd Quarter 1999	873+	412,000	100,644
		systems swap	(144,000)	
			268,000	
Avalon..........................	4th Quarter 1999	859	260,000	51,769
Fanch...........................	4th Quarter 1999	2,400	537,000	98,931
Falcon..........................	4th Quarter 1999	3,606	1,008,000	212,205
Bresnan.........................	1st Quarter 2000	3,100	656,000	137,291
Total......................		$ 14,195	3,773,000	$849,658

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 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 Messrs. Allen, Kent, Babcock and Wood.

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 93.0% 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 will not be able to engage in any business other than the cable transmission of video, audio and data unless Mr. Allen first determines not to pursue that particular business activity" and "Certain Relationships and Related Transactions -- Allocation of Business Opportunities with Mr. Allen".

- Special Loss Allocation. After the offering, Charter Communications Holding Company's operating agreement will provide that through the end of 2003, book losses and the corresponding tax losses (as determined for tax accounting purposes) of Charter Communications Holding Company that would otherwise have been allocated to Charter Communications, Inc. will instead be allocated to membership units held by Vulcan Cable III Inc. and Charter Investment, Inc.

  At the time that Charter Communications Holding Company first has book profits (as determined for tax accounting purposes) that would otherwise have been allocated to Charter Communications, Inc., (generally based on the percentage of membership units in Charter Communications Holding Company held by it), certain of such profits, or items thereof, and the tax profits corresponding thereto, will instead be allocated to the membership units held by Vulcan Cable III Inc. and Charter Investment, Inc. until the amount of book profits so allocated is equal to the amount of book losses previously specially allocated to each such membership unit. 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	100.00%
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,				1/1/98 THROUGH 12/23/98		12/24/98 THROUGH 12/31/98	
	1996		1997					
	(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 $141.6 million, and for the six months ended June 30, 1999 were $172.8 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 $589.5 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

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, commenced an offer to exchange the senior notes they issued in March 1999 for senior notes with substantially similar terms, except that the new notes will be registered and will not be subject to restrictions on transfer. The exchange offer is expected to expire on October 4, 1999. 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. The Helicon notes are currently callable at 106%. We anticipate repurchasing 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. 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. 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, 9.285% senior discount debentures due 2010 and 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 accrued interest and a make-whole premium, within 30 days of the receipt of the notice.

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 expect to enter into new credit facilities for the Fanch transaction providing for borrowings of up to $1.2 billion, of which we expect to borrow $0.9 billion in connection with the closing of the Fanch acquisition. The terms of the expected facilities are still under discussion with prospective lenders.

As of June 30, 1999, pro forma for the pending acquisitions and acquisitions completed since that date, our total debt was approximately $11.5 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 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 and third quarters of 1999, we acquired the Renaissance, American Cable, Greater Media, Helicon, Vista, Cable Satellite and Rifkin cable systems. The total purchase price for these acquisitions was $3.4 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 and capital contributions by Mr. Allen through Vulcan Cable III Inc.

We have agreed to purchase the InterMedia, Avalon, Fanch, Falcon and Bresnan cable systems. The total purchase price for these acquisitions is $10.8 billion, including assumed debt of $2.1 billion. The aggregate purchase price includes up to $1.3 billion aggregate principal amount of outstanding notes and debentures that are subject to change of control provisions which will be triggered by our acquisition of the notes and debentures issuers. We intend to finance these acquisitions and debt repayments, as required, 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 our credit facilities, cash and additional debt and equity financings.

In August 1999, Vulcan Cable III Inc. contributed to Charter Communications Holding Company for membership units $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.

These sources will not be sufficient to consummate all of our pending acquisitions, and we will require additional financing. We currently anticipate that we will need to raise an additional $1.4 billion in equity or debt financing to fund the pending acquisitions. This amount could increase by up to an additional $2.1 billion to the extent we have to repay notes, debentures or credit facility borrowings of our pending acquisitions that are put to us or that we may be required to repay upon a change of control of the acquired entities. We are also negotiating a new $1.2 billion credit facility for Fanch, of which we expect to borrow $0.9 billion in connection with the closing of the Fanch acquisition. We expect to fund these amounts as follows:

- We intend to finance $1.1 billion of the Bresnan acquisition purchase price by issuing convertible debt, convertible preferred stock or privately-placed equity securities. We expect to fund the remaining $300 million of the anticipated $1.4 billion shortfall with additional debt financing that has not yet been arranged. We can give no assurance that additional equity or debt financing will be available.

- Following the closing of the Avalon, Falcon and Bresnan acquisitions, we will be required to make offers to repurchase debentures and notes in the principal amounts and accreted value of $268 million, $699 million and $352 million, respectively, under the indentures governing these notes. We will need to commence the offers to repurchase within 20, 30 and 30 days after the completion of the Avalon, Falcon and Bresnan acquisitions, respectively. We will be required to repurchase tendered Falcon notes and debentures and Avalon notes within 80 days after completion of the acquisitions and tendered

Bresnan notes within 90 days after completion of the Bresnan acquisition. We expect to finance the repurchase of any notes and debentures tendered with additional debt financing or credit facility borrowings that have not yet been arranged. We can give no assurance that we will be able to raise these funds.

- - Our acquisition of Avalon and Bresnan will constitute a change of control and will also trigger an event of default under each of Avalon's and Bresnan's credit facilities, permitting the lenders to declare all amounts outstanding under the facilities due and payable. As of June 30, 1999, the amount outstanding under the Avalon credit facilities was $177.4 million and the amount outstanding under the Bresnan credit facilities was $500 million. We intend to seek waivers of these events of default from the lenders or to refinance these facilities at then-prevailing market terms prior to the closing of these acquisitions. We also intend to enter into new credit facilities at Fanch which has not yet been arranged. We can give no assurance that we will obtain these waivers or will be able to refinance the Bresnan and Avalon facilities, or that we will be able to arrange the Fanch facility. If we cannot obtain the required waivers and refinance the Bresnan and Avalon facilities, we will be required to repay all amounts outstanding under these facilities. In any such case, we will need to obtain additional debt financing. See "Risk Factors -- We may be unable to obtain sufficient capital to repurchase and repay outstanding debt of the cable operators we are acquiring".

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 June 30, 1999 for our pending acquisitions and acquisitions closed since that date as if these acquisitions had closed as of that date 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;

(6) the Falcon, Avalon and Bresnan notes and debentures had not been put to us as permitted by the respective indentures pursuant to change of control provisions;

(7) $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;

(8) pending acquisitions had been funded with additional long-term debt of $1.4 billion, which is not arranged at this time; and

(9) the underwriters had not exercised their over-allotment option.

SOURCES:		
Historical cash		$ 110
Borrowings under Charter Operating's credit facilities		958
Publicly held debt (principal amount and accreted value):		
8.375% senior debentures -- Falcon	$ 375	
9.285% senior discount debentures -- Falcon	309	
11.56% subordinated notes -- Falcon	15	
9.375% senior subordinated notes -- Avalon	150	
11.875% senior discount notes -- Avalon	118	
8.0% senior notes -- Bresnan	170	
9.25% senior discount notes -- Bresnan	182	1,319
Acquired companies' refinanced or new credit facilities:		
Falcon	1,011	
Avalon	169	
Bresnan	635	
Fanch	875	2,690
Gross proceeds from offering		3,060
Anticipated long-term debt		1,363
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 contributions	1,325	
Mr. Allen committed equity contribution	750	3,633
		$13,158

USES:	
Payments for pending acquisitions and acquisitions closed since June 30, 1999:	
Helicon	$ 550
Vista and Cable Satellite	148
Rifkin	1,460
InterMedia	873
Avalon	859
Fanch	2,400
Falcon	3,606
Bresnan	3,100
Underwriting discounts and estimated offering expenses	162
	$13,158

CERTAIN TRENDS AND UNCERTAINTIES

The following discussion highlights a number of trends and uncertainties, in addition to those discussed elsewhere in this prospectus included 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 $11.5 billion and our total stockholders' equity was approximately $3.0 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 would 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 customer. 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.

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	2000	2001	2002	2003	THEREAFTER	TOTAL	1999
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, except for membership units received by the President and Chief Executive Officer of Charter Communications, Inc., which are exchangeable for Class A common stock.

	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	9.3	--
April 5, 1999(2).......	443,200	20.73	9,187,536	9.5	--
Outstanding as of September 20, 1999.....	16,538,208	$20.02(3)	$331,087,696	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 3.4 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 $1.5 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 $834.8 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.

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 1,243 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 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.

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 sole 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 93.0% 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.

ACQUISITION-RELATED EQUITY HOLDERS. 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 membership units rather than in cash. To the extent they receive membership units, they will be able to exchange these membership units for shares of Class A common stock. The acquisition-related equity holders as a group will have a 9.8% 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 Communications Holdings, LLC 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.

CHARTER OPERATING'S PENDING ACQUISITIONS. Two of Charter Operating's subsidiaries have entered into an agreement to acquire cable systems or the companies owning cable systems from the owners of InterMedia, as described below.

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.

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 -- We may be unable to obtain capital sufficient to consummate our pending acquisitions";

- "Risk Factors -- We may be unable to obtain sufficient capital to repurchase or repay outstanding debt of the cable operators that we are acquiring";

- "Risk Factors -- Specified acquisition-related equity holders are or may be entitled to cause us to repurchase their equity interests"; 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 at least 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. 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. Our acquisition of Helicon triggered change of control provisions under the Helicon notes that require us to make an offer to repurchase these notes at a price equal to 101% of their principal amount plus accrued interest. We will make such an offer to repurchase. We anticipate repurchasing 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%. See "Description of Certain Indebtedness" for a description of the material restrictive covenants and other terms under 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 portion of the purchase price in the form of Class A preferred membership units of Charter Communications Holding Company with the following terms:

- Unless and until exchanged for Class A common stock, the value of the preferred membership units will increase at a rate of 8.0% annually and Charter Communications Holding Company must redeem the preferred membership units fifteen years after the closing of the acquisition.

- The preferred membership units are exchangeable at the option of the holders only concurrently with this offering for shares of Charter Communications, Inc. Class A common stock at the initial public offering price. At issuance, the preferred membership units had an estimated value of approximately $133.3 million.

- Following the exchange of preferred membership units for shares of Charter Communications, Inc. Class A common stock, the preferred membership units received by Charter Communications, Inc. will automatically convert into Class B common membership units equal in number to the number of shares of Class A common stock issued in exchange for the preferred membership units.

Charter Communications, Inc. intends to register for resale the Class A common stock issued in exchange for preferred membership units under a shelf registration statement on Form S-1. Holders of the preferred membership units have agreed to a lockup agreement restricting the sale of their Class A common stock for 180 days after the date of the final prospectus for this offering.

Upon the exchange of any or all of the preferred membership units, 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.

Charter Communications Holding Company granted to the holders of the preferred membership units the right to require Charter Communication Holding Company to redeem each such holder's preferred membership units in tranches of at least $1 million in value for a price equal to the then current value of the preferred membership units. This right will be exercisable until the earliest to occur of:

- September 14, 2004; and

- the date of a business combination pursuant to which the preferred membership units are converted into the right to receive consideration other than securities of Charter Communications Holding Company or securities of its successor.

In the event Charter Communications Holding Company defaults upon this obligation, Mr. Allen has granted the holders of the preferred membership interests the right to require Mr. Allen to purchase their preferred units for the then current value of the preferred membership units. These rights terminate on September 14, 2004, or earlier in specified circumstances. If, as a result of the exercise of any such rights, Mr. Allen or any of his affiliates owns or own preferred membership units in Charter Communications Holding Company, these preferred membership units will automatically convert into the number of common membership units of Charter Communications Holding Company equal in value to the then current value of the preferred membership units.

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.

OTHER ACQUISITIONS. In July 1999, one of Charter Holdings' subsidiaries acquired Vista Broadband Communications, LLC and a cable system of Cable Satellite of South Miami, Inc. 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

INTERMEDIA SYSTEMS. In April 1999, three of our subsidiaries, Charter Communications, LLC, Marcus Cable Associates, L.L.C. and Charter Communications Properties, entered into agreements to purchase certain cable systems of InterMedia Capital Partners IV, L.P., InterMedia Partners and their affiliates in exchange for approximately $873 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 will "swap" some of our non-strategic cable systems serving approximately 144,000 customers located in Indiana, Montana, Utah and northern Kentucky. This transaction 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. Following regulatory approvals, we anticipate that the acquisition of the InterMedia systems will close during the third quarter of 1999. Either we or the sellers under the InterMedia acquisition agreement may terminate the agreement if the acquisition does not close by January 20, 2000.

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. 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 total 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:

- From approximately $425 to $550 million of the purchase price will be paid in the form of membership units in Charter Communications Holding Company. The exact minimum amount of the purchase price payable in membership units will be determined by reference to a formula in the purchase agreement.

- The exact number of membership units in Charter Communications Holding Company to be issued will be determined according to a formula which values Charter Communications Holding Company at the closing of the acquisition at $11.3 billion, increased and decreased as follows:

  (1) decreased by its liabilities;

  (2) increased by the price or value of assets acquired from related parties prior to completion of the acquisition; and

  (3) increased by the projected cash flow of assets acquired or subject to a definitive purchase agreement prior to completion.

- 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.

The membership units in Charter Communications Holding Company issued to Falcon Holding will be exchangeable at any time for shares of Charter Communications, Inc. Class A common stock on a one-for-one basis. While the terms of the Falcon acquisition documents include provisions to adjust this exchange ratio if Charter Communications, Inc. were to hold assets not contributed to, or incur liabilities not offset by, Charter Communications Holding Company, provisions in Charter Communications, Inc's certificate of incorporation and Charter Communications Holding Company's operating agreement provide that the exchange ratio will remain fixed at one-for-one. See "Description of Capital Stock and Membership Units -- General" for further information.

Under the terms of 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 also have the right to require Mr. Allen or his designee to purchase any membership units in Charter Communications Holding Company acquired by the sellers in connection with the Falcon acquisition or shares of Class A common stock of Charter Communications, Inc. issued in exchange for these membership units for a purchase price per unit or share equal to the aggregate value of the membership units issued at the closing of the Falcon acquisition divided by the number of membership units so issued, plus interest of 4.5% per annum accrued to date. 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.

(1) 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.

(2) We have the option to purchase the membership units if the issuance of shares of our Class A common stock in exchange for these units would require registration under the Securities Act. We intend to register the shares of our Class A common stock issuable in exchange for these units for resale pursuant to a shelf registration statement on Form S-1 and we are seeking the agreement by the Falcon sellers not to transfer the shares prior to 180 days after the completion of this offering.

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. In addition, $967.0 million was outstanding under the Falcon credit facilities. As of the date 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 purchase price of approximately $1.3 billion in cash and $1.0 billion in the form of equity in 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 holders of the membership units may exchange all or part of their units at any time for shares of our Class A common stock.

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 on a one-for-one basis. While the terms of the Bresnan acquisition documents include adjustment provisions similar to those in the Falcon acquisition documents, provisions in Charter Communications, Inc.'s certificate of incorporation and Charter Communications Holding Company's operating agreement provide that the exchange ratio will remain fixed at one-for-one. See "Description of Capital Stock and Membership Units -- General" for further information.

- Each of the sellers under the Bresnan acquisition agreement shall have the right, during the sixty day period beginning with 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 any securities into which these units are converted or for which these securities are exchanged. The per unit purchase price for these securities will equal 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 number of Charter Communications Holding Company membership units to be issued to the Bresnan sellers at the closing of the Bresnan acquisition will be determined according to a formula which values Charter Communications Holding Company at $27,173,760:

  (1) decreased by

    (a) its liabilities as of the closing of the Bresnan acquisition; and

    (b) the estimated pro forma liabilities to be incurred in connection with the Fanch, Falcon and Avalon acquisitions and any other acquisition of cable systems subject to a definitive agreement that has not closed as of the closing of the Bresnan acquisition; and

(2) increased by

(a) the projected earnings before interest, taxes, depreciation and amortization of any other cable systems that are actually acquired by, contributed to or subject to a definitive acquisition agreement with Charter Communications Holding Company as of the closing of the Bresnan acquisition, multiplied by 17; and

(b) the fair market value of non-cable assets acquired by or contributed to Charter Communications Holding Company as of the closing of the Bresnan acquisition, as determined by a third-party appraiser.

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:

(1) any termination of the Fanch, Falcon and Avalon acquisitions or any other pending acquisitions as of the closing of the Bresnan acquisition;

(2) the difference between the estimated pro forma liabilities to be incurred in connection with pending acquisitions as of the closing of the Bresnan acquisition and the actual liabilities incurred; and

(3) the difference between the projected earnings before interest, taxes, depreciation and amortization of acquired cable systems or cable systems of pending acquisitions as of the closing of the Bresnan acquisition and the actual earnings before interest, taxes, depreciation and amortization of such systems.

- 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 intend to register the Class A common stock issuable to the Bresnan sellers in exchange for membership units in Charter Communications Holding Company for resale pursuant to a shelf registration statement on Form S-1. 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. As of 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. As of 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.

We believe that we are well positioned to compete with other providers of these services due to the high bandwidth of cable technology and our ability to access homes and businesses.

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, we had in excess of 8,700 customers subscribing to digital services offered by 16 of our cable systems, which serve approximately 330,000 basic cable customers. 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 25% of 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 of cable modem Internet access services in our systems, pro forma for our recent and pending acquisitions 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	1,561,700
EarthLink/Charter Pipeline	572,700	708,700
Excite@Home	233,400	738,200
Convergence.com	--	311,800
In-House/Other	--	652,000
Total cable modems	1,450,700	3,972,400
Internet access via WorldGate	245,200	499,900

We have an agreement with EarthLink, an independent Internet service provider, to provide as a label service Charter Pipeline, 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(TM) 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 Logan, Utah, 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.

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.

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 14% 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 35% 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 Communications, Inc., 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 thirteen employees, all of whom are senior management. Pursuant to a services agreement between Charter Communications, Inc. and Charter Investment, Inc., Charter Investment, Inc. will provide Charter Communications, Inc. with the necessary personnel 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 9.8 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 will also be responsible for managing approximately 69,000 customers associated with the recent acquisition of American Cable and 190,000 customers associated with the pending 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. We expect that by December 31, 2001, 99% of this region's customers will be served by systems with at least 550 megahertz bandwidth capacity and two-way communication capability.

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. The Indiana systems will be "swapped" as part of the InterMedia transaction. See "Business -- Acquisitions". The Central region will also be responsible for managing approximately 112,000 customers associated with the pending 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. We expect that by December 31, 2001, approximately 89% of this region's customers will be served by cable systems with at least 550 megahertz bandwidth capacity and two-way communication 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 43% 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. We expect that by December 31, 2001, approximately 98% of this region's customers will be served by cable systems with at least 550 megahertz bandwidth capacity and two-way communication capability.

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. We plan to rebuild much of the region's cable plant and expect that by December 31, 2001, approximately 93% of this region's customers will be served by cable systems with capacity between 550 megahertz and 750 megahertz of bandwidth capacity and two-way communication capability.

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 56,000 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. We have begun to rebuild this region's cable plant, and expect that by December 31, 2001, all of this region's customers will be served by cable systems with at least 750 megahertz bandwidth capacity and two-way communication capability.

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 will be responsible for managing an aggregate of 541,000 customers associated with the 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. The rebuild program for this region is anticipated to result in approximately 94% of this region's customer base being served by December 31, 2001 served by cable systems with at least 550 megahertz bandwidth capacity and two-way communication capability.

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 will be responsible for managing an aggregate of 335,000 customers associated with the 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. The rebuild program for this region is anticipated to result in approximately 75% of this region's customer base being served by cable systems with at least 550 megahertz bandwidth capacity and two-way communication capability 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	47.3%	14.5%	38.2%	52.7%
December 31, 2000	30.1%	12.5%	57.4%	69.9%
December 31, 2001	13.6%	10.4%	76.0%	86.4%

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/BIS, formerly TCI. 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. After recent mergers, the two primary DBS providers are DIRECTV and EchoStar Communications Corporation. 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. Although still relatively uncommon, 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 the 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 six of our systems located in Newnan, Columbus and West Point, Georgia; Barron, Wisconsin; and Lanett and Valley, Alabama. Approximately 44,000 basic customers, approximately 1.6% 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 four of our systems located in Southlake, Roanoke and Keller, Texas and Willimantic, Connecticut. These potential overbuild areas service an aggregate of approximately 45,000 basic customers or approximately 1.6% 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 owned 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 thirteen employees, all of whom are senior management. Pursuant to a services agreement between Charter Communications, Inc. and Charter Investment, Inc., Charter Investment, Inc. will provide Charter Communications, Inc. with the necessary personnel 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. Significantly, the Federal Communications Commission's authority to regulate cable programming service tier rates 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. Although the 1992 Cable Act also precluded any cable operator from serving more than 30% of all U.S. domestic cable subscribers, this provision has been stayed pending further judicial review and Federal Communications Commission rulemaking.

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, two 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. Holders of Class B common stock are 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.

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
Barry L. Babcock	52	Vice Chairman
Howard L. Wood	60	Vice Chairman
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	46	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 OR AFTER CLOSING OF THE OFFERING		
Nancy B. Peretsman	45	Director
DIRECTOR TO BE APPOINTED AFTER THE OFFERING		
Marc B. Nathanson	53	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 1994, 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).

BARRY L. BABCOCK is Vice Chairman of Charter Communications, Inc. and is a co-founder and Vice Chairman of Charter Investment, Inc. and has been involved in the cable industry since 1979. Prior to founding Charter Investment, Inc. in 1994, Mr. Babcock was associated with Cencom Cable Associates, Inc., where he served as the Executive Vice President from February 1986 to September 1991, and was named Chief Operating Officer in May of 1986.

Mr. Babcock was one of the founders of Cencom and, prior to the duties he assumed in early 1986, was responsible for all of Cencom's in-house legal work, contracts and governmental relations. Mr. Babcock serves as the Chairman of the board of directors of Community Telecommunications Association. He also serves as a director of the National Cable Television Association, Cable in the Classroom and Mercantile Bank -- St. Louis. Mr. Babcock, an attorney, received his undergraduate and J.D. degrees from the University of Oklahoma.

HOWARD L. WOOD is Vice Chairman of Charter Communications, Inc. and Charter Investment, Inc. and is a co-founder of Charter Investment, Inc. Prior to founding Charter Investment, Inc. in 1994, 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 Bank and Gaylord Entertainment Company. 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.

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 December 1993. 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. Prior to joining Charter Investment, Inc. in 1995, Mr. Kalkwarf was a senior tax manager for Arthur Andersen LLP, from 1982 to July 1995. 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 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 May 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 December 1996. Mr. Silva became Vice President -- Corporate Development and Technology in March 1998, and was promoted to Senior Vice President -- Corporate Development and Technology in August 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

NANCY B. PERETSMAN has agreed to join the board of Charter Communications, Inc. in September 1999 and has been a managing director and executive vice president of Allen & Company Incorporated, an investment bank, 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 Oxygen Media, Inc., an Internet and cable television enterprise. Ms. Peretsman also serves on the board of NewSub Services, Inc. and Priceline.com Incorporated.

We intend to name an additional outside director prior to the offering who will be appointed upon the closing of the offering.

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. Mr. Nathanson has served as Chairman of the board, chief executive officer and president of Enstar Communications Corporation since October 1988, and is 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.

MUTUAL SERVICES AGREEMENT

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.

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 AGREEMENTS

Effective as of December 23, 1998, Jerald L. Kent entered into an employment agreement with Paul G. Allen for a three-year term with automatic one-year renewals. The employment agreement was assigned from 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 exercised either of these benefits. He may exercise them 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 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 termination of the agreement by Charter Investment, Inc. without cause or by Mr. Babcock for good reason:

- Charter Investment, Inc. will pay to Mr. Babcock an amount equal to the aggregate base salary due to Mr. Babcock for the remainder of the term of the agreement; and

- vested options, if any, of Mr. Babcock, will be redeemed for cash for their then-current intrinsic value.

Unvested options will be treated as set forth in the option plan to be adopted as discussed above.

Charter Investment, Inc. will assign Mr. Babcock's employment agreement to Charter Communications, Inc. and Charter Communications, Inc. will assume all rights and obligations of Charter Investment, Inc. under the agreement.

Effective as of December 23, 1998, Howard L. Wood entered into an employment agreement with Paul G. Allen for a one-year term with automatic one-year renewals. The employment agreement was assigned from Mr. Allen to Charter Investment, Inc. as of December 23, 1998. Under this agreement, Mr. Wood agrees to serve as an officer of Charter Investment, Inc. During the initial term of the agreement, Mr. Wood will receive a base salary of $312,500, or such higher rate as may be determined by the Chief Executive Officer in his discretion. In addition, Mr. Wood will be eligible to receive an annual bonus to be determined by the board of directors in its discretion. Mr. Wood received a one-time payment as part of his employment agreement of $250,000.

Under the agreement, Mr. Wood is entitled to participate in any disability insurance, pension or other benefit plan afforded to employees generally or executives of Charter Investment, Inc. Charter Investment, Inc. also agreed to make available to Mr. Wood for his personal use Charter Investment, Inc.'s airplane.

Charter Investment, Inc. agrees 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.

In the event of the termination of the agreement by Charter Investment, Inc. without cause or by Mr. Wood for good reason, Charter Investment, Inc. will pay to Mr. Wood an amount equal to the aggregate base salary due to Mr. Wood for the remainder of the term of the agreement.

COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION

Upon completion of the offering, Charter Communications, Inc. will appoint two outside directors who will form Charter Communications, Inc.'s compensation committee.

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 agreements of Messrs. Kent, Babcock and Wood 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 Vice Chairman	1998	575,000	925,000(3)	--	--	41,866(4)
Howard L. Wood Vice Chairman	1998	575,000	675,000(5)	--	--	15,604(6)
David G. Barford Senior Vice President of Operations -- Western Division	1998	220,000	225,000(7)	--	--	8,395,235(8)
Curtis S. Shaw Senior Vice President, General Counsel and Secretary	1998	190,000	80,000	--	--	8,182,303(9)

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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) Includes $500,000 earned as a one-time bonus upon signing of an employment agreement.

(4) 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.

(5) Includes $250,000 earned as a one-time bonus upon signing of an employment agreement.

(6) 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.

(7) Includes $150,000 received as a one-time bonus after completion of three years of employment.

(8) 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.

(9) 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. As of June 30, 1999, there were 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. One-fourth of the options granted on February 9, 1999 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 offering of Class A common stock pursuant to this prospectus is not a change of control under the option plan. If an optionee's employment with or service to Charter Communications Holding Company or its affiliates is terminated other than for cause prior to an initial public offering, the optionee has the right, for a period of thirty (30) days, to put to Charter Communications Holding Company or Mr. Allen at Mr. Allen's option,

(1) all vested options, and

(2) all membership units in Charter Communications Holding Company owned by such optionee, whether or not obtained by the exercise of options granted under the plan,

in each case at a purchase price calculated based on the fair market value of Charter Communications Holding Company. If an optionee does not exercise his put right as described above, Charter Communications Holding Company has the right for a period of sixty (60) days to purchase from the optionee all vested options at a price equal to an option spread calculated based on fair market value or, with respect to membership units, the fair market value of the membership units obtained by the exercise of any options. Any such payments would be paid to the optionee in the form of cash or a ten-year note, at the option of Mr. Allen or Charter Communications Holding Company.

If an optionee's employment with or service to Charter Communications Holding Company or its affiliates is terminated other than for cause prior to an initial public offering, the optionee has the right for a period of sixty (60) days to exercise any vested options. Any options not so exercised terminate after this 60-day period. For all purposes under the plan, an initial public offering includes a public offering of the common stock of Charter Communications Holding Company's parent.

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.

NAME AND ADDRESS OF BENEFICIAL OWNER	NUMBER OF SHARES BENEFICIALLY OWNED(1)	PERCENTAGE OF SHARES BENEFICIALLY OWNED(1)	PERCENTAGE OF VOTING POWER(1)(2)
Paul G. Allen(3)(4)..........................	317,947,197	57.9%	93.0%
Charter Investment, Inc.(5)(6)..............	217,585,246	39.6%	0.0%(11)
Vulcan Cable III Inc.(3)(6)..................	107,319,806	19.5%	0.0%(11)
Jerald L. Kent(5)(7).........................	5,264,960	1.0%	1.0%(11)
Barry L. Babcock(5)(8).......................	2,502,805	0.5%	0.7%
Howard L. Wood(5)(9).........................	1,001,122	0.2%	0.3%
Marc B. Nathanson(10)........................	16,132,703	2.9%	0.0%(10)
All directors and executive officers as a group (18 persons).........................			

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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. 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) Each Class A common stockholder is entitled to one vote per share and each Class B common stockholder is entitled to the number of votes for each share held by such holder equal to:

(a) ten multiplied by the sum of:

(1) the total number of shares of Class B common stock outstanding; and

(2) the number of shares of Class B common stock for which the Charter Communications Holding Company membership units are exchangeable; divided by

(b) the number of shares of Class B common stock outstanding.

(3) The address of these persons is 110 110th Street, NE, Suite 500, Bellevue, WA 98004.

(4) Represents 210,579,001 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 48,390 shares of Class B common stock.

(5) The address of these persons is Charter Communications, Inc., 12444

Powerscourt Drive, St. Louis, MO 63131.

(6) Represents membership units.

(7) Represents 3,503,123 membership units attributable to such holder because of his equity interest in Charter Investment, Inc.; 805 shares of Class B common stock; and 1,761,032

shares of common stock issuable upon the exchange of membership units issuable upon the exercise of options to purchase membership units.

(8) Represents 2,502,230 membership units attributable to such holder because of his equity interest in Charter Investment, Inc. and 575 shares of Class B common stock.

(9) Represents 1,000,892 membership units attributable to such holder because of his equity interest in Charter Investment, Inc. and 230 shares of Class B common stock.

(10) 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. In calculating the voting percentage, we have assumed that the Falcon sellers have not exchanged any membership units for Class A common stock. The address of this person is Falcon Communications LP and Affiliates, 10900 Wilshire Blvd., Los Angeles, CA 90024.

(11) In calculating the voting power percentages, we have assumed that membership units have not been exchanged for Class B common stock.

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 of 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. All of Charter Investment, Inc.'s equity interests in its operating subsidiaries were subsequently transferred to 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 new management agreement. The other material terms of our previous management agreements are substantially similar to the material terms of the new 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 new management agreement.

THE NEW MANAGEMENT AGREEMENT. On February 23, 1999, Charter Investment, Inc. entered into a new 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 new management agreement became operative. Pursuant to the new management agreement, Charter Investment, Inc. has agreed to manage the operations 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 new management agreement is ten years.

The new management agreement provides that Charter Operating will reimburse Charter Investment, Inc. for all expenses, costs, losses, liabilities or damages incurred by it in connection with Charter Operating's ownership or operation of Charter Operating's cable television systems. If Charter Investment, Inc. pays or incurs any such expenses, costs, losses, liabilities or damages, it will be reimbursed. In addition to any reimbursement of expenses, Charter Investment, Inc. is paid a yearly management fee equal to 3.5% of our 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 new 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.

Upon the closing of the offering, Charter Investment, Inc. will assign to Charter Communications, Inc. all of its rights and obligations under this Charter Operating management agreement. In connection with the assignment, the 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. The total annual amount of such reimbursement is limited under Charter Holdings' indentures for the notes issued in March 1999 to 3.5% of the total annual gross revenues of Charter Operating's subsidiaries.

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, except that Charter Communications, Inc. will not be paid a yearly 3.5% management fee. 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 service agreement described below.

MUTUAL SERVICES AGREEMENT WITH CHARTER INVESTMENT. 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. and Charter Investment, Inc. shall indemnify and hold harmless each other 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.

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 planned to be paid 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., as designee, 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. We agree that upon request of Vulcan, 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, effective upon the completion of the offering by Charter Communications, Inc., Charter Communications Holding Company and Charter Communications, Inc. will have agreed, until all of its shares of Class B common stock held by Mr. Allen and his affiliates, including Charter Investment, Inc. and Vulcan Cable III Inc., have automatically converted into shares of Class A common stock, not to engage in any business transaction outside the cable transmission business. We will also agree with Mr. Allen that, 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 and Charter Communications, Inc.'s restated certificate of incorporation and Charter Communications Holding Company's 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 and data on cable television systems owned, operated or managed by us from time to time. As long as Mr. Allen is a director of Charter Communications, Inc., he will be required to present to Charter Communications, Inc. any opportunity he may have to acquire, directly or indirectly, a majority ownership interest in any cable television system or any company whose principal business is the ownership, operation or management of cable television systems. However, except for the foregoing, Charter Communications Holding Company and Charter Communications, Inc. will agree that Mr. Allen does not have an obligation to present to Charter Communications, Inc. business opportunities in which both Mr. Allen and we might have an interest and that he may exploit such opportunities for his own account. Charter Communications, Inc. restated certificate of incorporation and Charter Communications Holding Company's operating agreement will contain provisions to that effect.

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.

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 Holding Company entered into an agreement to purchase directly and indirectly all of the equity interests of Avalon Cable LLC. In connection with this acquisition, Charter Communications, Inc. has agreed to assume the obligation to acquire the stock of Avalon Cable of Michigan Holdings, Inc.

EMPLOYMENT AGREEMENTS

Mr. Kent and Mr. Babcock have entered into employment agreements with us. We have summarized these agreements in "Management -- Employment 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.'s 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. These affiliates include Charter Investment, Inc. and Vulcan Ventures, Inc. Mr. Allen owns 100% of the equity of Vulcan Ventures, and is the President, Chief Executive Officer and Chairman of the Board. Mr. Savoy is also a Vice President and a director of Vulcan Ventures.

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.

In addition, Jerald L. Kent, our President and Chief Executive Officer and a director of Charter Holdings, Mr. Savoy and another individual who performs management services for the issuers, are also 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 12.4% 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 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. In addition, Charter Communications Holding Company has agreed to enter into a carriage agreement with Oxygen pursuant to which we intend to carry Oxygen programming content on our cable systems. As of June 30, 1999, no expenses have been recognized as a result of these agreements.

Mr. Allen and his affiliates have, 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, that 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. Charter Communications, Inc.'s certificate of incorporation and Charter Communications Holding Company's operating agreement contains provisions governing the allocation of corporate opportunities as they arise between Charter Communications, Inc. and Mr. Allen.

We have not instituted any formal plan or arrangement to address potential conflicts of interest.

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 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). On 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 $1.5 billion. The current amount outstanding under the credit facilities is 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 $350 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.

The Falcon borrower credit facilities currently in effect provide for the $350 million incremental availability referred to above, which we are currently in the process of soliciting from the existing lenders. This 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 Falcon borrower by Charter Communications Holding Company, up to an additional $350 million supplemental facility will be available, subject to the 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," 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 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 billion was outstanding and $533 million was available for borrowing under the Falcon 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. While the Helicon notes are currently redeemable at a redemption price of 106% of the total principal amount, plus accrued interest, if any, beginning on November 1, 1999 we may call the Helicon notes at a redemption price of 103% of total principal amount, plus accrued interest. The Helicon notes were issued with original issue discount. The issuers are required to redeem $25 million principal amount of the Helicon notes on each of November 1, 2001 and November 1, 2002. Our acquisition of Helicon triggered change of control provisions under the Helicon notes that require us to make an offer to repurchase these notes at a price equal to 101% of their principal amount plus accrued interest. We will make such an offer to repurchase. We anticipate repurchasing the Helicon notes at a price equal to 103% of their aggregate principal amount plus accrued interest once the redemption price of 103% becomes effective beginning November 1, 1999. The Helicon notes are currently callable at 106%.

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 consents and tenders prior to October 1, 1999, an additional $30.00 per $1,000 principal amount of notes tendered.

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.

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 1.5 billion shares of Class A common stock, par value $.001 per share, 1.0 billion shares of Class B common stock, par value $.001 per share and 250 million shares of preferred stock, par value $.001 per share.

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:

- working capital for the payment of current expenses;

- membership units of Charter Communications Holding Company;

- obligations of Charter Communications Holding Company; or

- assets acquired through the issuance of Charter Communications Inc. common stock subject to an obligation to contribute such assets in exchange for membership units of Charter Communications Holding Company; and

(3) Charter Communications, Inc. will not incur any liability for borrowed money or any capital lease other than in connection with a back-to-back obligation from 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 back-to-back instrument evidencing a corresponding obligation.

We intend to conduct our operations and maintain our organizational structure so that the exchange ratio of one share of common stock to one membership unit will remain fixed.

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.

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 the number of votes equal for each share held by such holder to:

  (1) ten, multiplied by the sum of:

    (a) the number of shares of Class B common stock outstanding; and

    (b) the number of shares of Class B common stock into which the Charter Communications Holding Company membership units, as of the applicable record date, are exchangeable pursuant to agreements between the corporation and the holders of such membership units; divided by

  (2) the number of shares of Class B common stock outstanding.

- the Class B common stockholders have the sole power to amend 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 will be able to vote for directors as provided 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.

When the holders of Class B common stock cease to own or to have the right to acquire a sufficient number of shares of Class B common stock, so that if all those shares of Class B common stock were converted into shares of Class A common stock, the shares of Class A common stock received upon that conversion would no longer represent at least 15% of all the outstanding shares of Class A common stock, then the Class B common stockholders will no longer have the right to elect all but one director, and the Class A and Class B stockholders, voting as a single class, would elect all of the directors, subject to any voting rights granted to holders of any preferred stock.

If by operation of law or for any other 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 right to manage and will assign to Charter

Investment, Inc. its rights and obligations as sole manager of Charter Communications Holding Company under the Charter Communications, Inc. management agreement and of Charter Operating under the Charter Operating management agreement. In this case, 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 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; and

- the number of shares of each class of common stock payable per share of such class of common stock shall be equal in number.

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 and his affiliates dispose of shares of Charter Communications, Inc. common stock or Charter Communications Holding Company membership units so that after those dispositions the value of their aggregate investment in Charter Communications, Inc. and Charter Communications Holding Company is less than 20% of the value of their aggregate investment as of the closing date of this offering; and

- at any time following this event, the value of all shares of capital stock of Charter Communications, Inc. and its subsidiaries owned by Mr. Allen and his affiliates directly and indirectly (assuming for this purpose the exchange of all their membership units in Charter Communications Holding Company for shares of Class B common stock) is less than 5% of the consolidated stockholders' equity of Charter Communications, Inc. and its subsidiaries (which for this purpose will be consolidated with the members' equity in Charter Communications Holding Company).

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. Only approved Class B common stockholders may own shares of Class B common stock. Approved Class B common stockholders are Paul G. Allen, Jerald L. Kent, Barry L. Babcock, Howard L. Wood and entities controlled by Mr. Allen. If an approved 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. 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. In the event of any merger or consolidation by Charter Communications, Inc. with or into another company in connection with which shares of Charter Communications, Inc.'s common stock are converted into or exchanged for shares of stock, other securities or property (including cash), all Charter Communications, Inc.'s common stockholders, regardless of class, will be entitled to receive the same kind and amount of shares of stock, other securities or property (including cash). If however, the shares of Charter Communications, Inc.'s common stock are converted into or exchanged for shares of capital stock, such shares of capital stock may differ to the extent and only to the extent that the Class A common stock and the Class B common stock differ as provided in Charter Communications, Inc.'s certificate of incorporation.

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.

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. None of these options will 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 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 notice thereof in writing. To be timely, a stockholder's notice must be delivered to or mailed and received at our principal executive offices not less than 90 days nor more than 120 days prior to the annual meeting; however, if less than 100 days' notice or prior public disclosure of the date of the annual meeting is given or made to stockholders, notice by the stockholder must be received by the close of business on the 10th day following the date on which notice of the date of the meeting is given to stockholders or made public, whichever occurs first. 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

Immediately following the offering, there will be 494,955,052 Charter Communications Holding Company common membership units issued and outstanding, 217,585,246 of which will be held by Charter Investment, Inc., 107,319,806 of which will be held by Vulcan Cable III Inc. and 170,050,000 of which will be held by Charter Communications, Inc. In addition, 133,312,118 Class A preferred membership units were issued to sellers in the Rifkin transaction. The Class A preferred membership units are convertible into 7,405,556 common membership units. Upon the closing of the Falcon acquisition, from $425 to $550 million of the purchase price may, at the option of specified Falcon sellers, be paid in the form of membership units. Upon the closing of the Bresnan acquisition, approximately $1.0 billion will be paid in the form of membership units in Charter Communications Holding Company.

The number of outstanding Charter Communications Holding Company membership units that Charter Communications, Inc. owns will at all times equal the number of shares of Charter Communications, Inc.'s outstanding common stock. The Charter Communications Holding Company membership units held by Charter Communications, Inc. will be a separate series of membership units entitling Charter Communications, Inc. to 100% of the voting power of all membership units of Charter Communications Holding Company. However, if by operation of law or for any other reason the Class B common stock no longer has more votes per share than the Class A common stock, then the Charter Communications Holding Company operating agreement provides that the Charter Communications Holding Company membership units held by Charter Communications, Inc. will no longer have special voting privileges and the Charter Communications Holding Company membership units held by Charter Investment, Inc. and Vulcan Cable III Inc. will control 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.

Charter Communications, Inc. will temporarily retain a portion of the net proceeds from the offering to finance the purchase of stock as part of the Avalon acquisition which is expected to close in November 1999. Concurrently with the closing of the offering, Charter Communications, Inc. will contribute to Charter Communications Holding Company the net proceeds from the offering less this retained portion and issue to Charter Communications Holding Company a promissory note with a principal amount equal to the retained portion of the net proceeds to acquire 170 million membership units of Charter Communications Holding Company. Concurrently with the closing of the Avalon acquisition, Charter Communications, Inc. will transfer its indirect interest in Avalon Cable, LLC to Charter Communication Holding Company in partial payment of the promissory note. Charter Communications, Inc. will hold back part of the retained portion of the proceeds to pay any purchase price adjustment that may be payable to the Avalon sellers. Charter Communications, Inc. will transfer any funds not required to be so paid to Charter Communications Holding Company in final payment of the promissory note. To the extent that Charter Communications, Inc. pays any purchase price adjustment to the Avalon sellers the value attributed to the Avalon Cable LLC interests contributed by Charter Communications, Inc. will be increased and the promissory note will be deemed satisfied to that extent.

As part of the consideration for the Rifkin acquisition, specified sellers elected to receive Class A preferred membership units in Charter Communications Holding Company. The value of these preferred membership units increases at an annual rate of 8.0% and the preferred membership units are mandatorily redeemable by Charter Communications Holding Company after 15 years. The holders of the Class A preferred membership units have the right to cause Charter Communications Holding Company to redeem these units for five years from the acquisition closing.

EXCHANGE AGREEMENTS

Upon the closing of the offering, we will have entered into an agreement permitting Vulcan Cable III Inc. and Charter Investment, Inc. 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 directly with Charter Communications, Inc. or indirectly by merger of Charter Investment, and Vulcan Cable III into Charter Communications, Inc. or a subsidiary of Charter Communications, Inc.

Similar exchange agreements will also permit all holders of Charter Communications Holding Company membership units, other than Charter Communications, Inc., Vulcan Cable III Inc. and Charter Investment, Inc., including 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 units of Charter

Communications Holding Company, 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.

The sellers under the Falcon acquisition and the Bresnan acquisition which receive membership units of Charter Communications Holding Company in connection with these acquisitions, will enter into separate agreements with Charter Communications, Inc. permitting them to exchange these units for shares of Class A common stock.

SPECIAL ALLOCATION OF LOSSES

Charter Communications Holding Company's operating agreement will provide that through the end of 2003, book losses and the tax losses corresponding thereto (both as determined for tax accounting purposes) of Charter Communications Holding Company that would otherwise have been allocated to Charter Communications, Inc. (generally based on the percentage of membership units in Charter Communications Holding Company held by it) will instead be allocated to the membership units held by Vulcan Cable III Inc. and Charter Investment, Inc. at the time of the closing of the offering. Commencing at the time that Charter Communications Holding Company first has book profits (as determined for tax accounting purposes) that would otherwise have been allocated to Charter Communications, Inc. (generally based on the percentage of membership units in Charter Communications Holding Company held by it), certain of such profits, or items thereof, and the tax profits corresponding thereto, will instead be allocated to the membership units held (at the time of the closing of the offering) by Vulcan Cable III Inc. and Charter Investment, Inc. until such time as the amount of such book profits, or items thereof, specially allocated to each such membership unit is equal to the amount of losses specially allocated to each such membership unit pursuant to the previous sentence. These provisions are collectively referred to as the special tax allocations.

In certain situations, the special tax allocations could result in Charter Communications, Inc. having to pay taxes in an amount that is more or less than if Charter Communications Holding Company had allocated book profits and book losses to Charter Communications, Inc. in proportion to the number of membership units it owns. For example, if the special allocations of book profits (or items thereof) described above to the membership units held by Vulcan Cable III Inc. and Charter Investment, Inc. resulted in an allocation of tax profits to such units that is less than the amount of the tax losses allocated to such units in respect of the prior special allocation of book losses described above, it is possible that Charter Communications, Inc. could be required to pay higher taxes commencing at the time that such book profits are allocated than if the special tax allocations had not been adopted. As another example, if Vulcan Cable III Inc. exchanged some or all of its membership units with Charter Communications, Inc. for Class B common stock prior to the date that special allocations of book profits to Vulcan Cable III Inc. were sufficient to reverse all prior special allocations of book losses, it is possible that Charter Communications, Inc. could be required to pay higher taxes in years following such an exchange than if the special tax allocations had not been adopted. However, Charter Communications, Inc. does 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 allocations 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 its Charter Communications Holding Company membership units in a non-taxable merger or non-taxable exchange transaction for Class B common stock. In the event that such a transaction occurs prior to the date (referred to in this paragraph as the "Satisfaction Date") as of which the special tax allocations of Charter Communications Holding Company have resulted in an allocation of book profits to Vulcan Cable III Inc. or Charter Investment, Inc. equal to the book losses previously allocated to it, that otherwise would have been allocable to Charter Communications, Inc., the following will apply. At the election of Vulcan Cable III Inc. or Charter Communications, Inc., Charter Communications Holding Company will allocate to the membership units to be transferred to Charter Communications, Inc. additional items of book profits sufficient so that the total amount of book profits allocated to Vulcan Cable III Inc. or Charter Investment, Inc. as a result of the special tax allocations will equal the book losses that would otherwise have been allocable to Charter Communications, Inc. To the extent that there is an insufficient allocation of book profits, Charter Communications Holding Company will allocate to the membership units already held by Charter Communications, Inc. additional items of book loss that would otherwise have been allocable to Vulcan Cable III Inc. or Charter Investment, Inc. to achieve the same result. If no election is made, or if an election is made but there is an insufficient allocation of book profits and, if applicable, book losses, Vulcan Cable III Inc. or Charter Investment, Inc., or in the case of a non-taxable merger, Mr. Allen as its principal shareholder, 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, and will be paid at the time, of any marginal income taxes that Charter Communications, Inc. actually pays solely as a result of the allocation to it of book profits on account of the previous special tax allocations of book losses to the Charter Communications Holding Company membership units owned by Vulcan Cable III Inc. or Charter Investment, Inc. transferred to Charter Communications, Inc. prior to the Satisfaction Date.

Under the terms of the pending Bresnan acquisition, Charter Communications Holding Company's operating agreement also will provide for certain special allocations of book losses, book profits, and the tax losses and tax profits corresponding thereto (all as determined for tax accounting purposes) as between the Bresnan sellers receiving membership units, on the one hand, and Vulcan Cable III Inc. and Charter Investment, Inc., on the other. If such Bresnan sellers exchange some or all of their membership units for Charter Communications, Inc. Class A common stock prior to the date that such special allocations are fully effectuated, it is possible that Charter Communications, Inc. will succeed to certain of such special allocations and, as a result, 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 Charter Communications, Inc. 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 allocation discussed above is expected to be that Mr. Allen and some of the sellers in the Bresnan transaction will receive certain tax savings while at the same time diminishing their economic rights in Charter Communications Holding Company. If and when the special allocation of book profits occurs, their economic rights will be restored and some additional tax costs are expected to be incurred.

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 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. The holders of common and preferred membership units as of September 14, 1999 are:

CLASS	HOLDERS
Class A common membership units...........	Charter Investment, Inc. Vulcan Cable III Inc.
Class A preferred membership units.........	Rifkin sellers

Upon the consummation of the offering, 170,000,000 Class B common membership units will be issued to Charter Communications, Inc. In addition, in connection with the acquisition of Falcon, the Falcon sellers will be issued Class D common membership units and in connection with the acquisition of Bresnan, the Bresnan sellers will be issued Class C common membership units.

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. Because Mr. Allen owns high vote Class B common stock of Charter Communications, Inc. that entitles him to approximately 93% 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 permits 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.

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.

Class D common membership units held by Falcon Holding Group, L.P. may be transferred to the partners of Falcon Holding Group on or after the date on which Falcon Holding Group contributes cash and property to Charter Communications Holding Company and Class D common membership units are issued to Falcon Holding Group.

If any partner of Falcon Holding Group fails to comply with the above described terms 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 will purchase the subject Class D common membership units for cash.

Other transfer conditions include:

- After this offering, each member may, and under certain circumstances must, transfer its membership units to Charter Communications, Inc. in exchange for common stock of Charter Communications, Inc., pursuant to the Rifkin contribution agreement, 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 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.

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 contribute to Charter Communications Holding Company cash in an amount equal to the amount that Charter Communications Holding Company is required to pay the Rifkin seller for its redeemed membership units. Charter Investment, Inc. or its affiliate will receive additional Class A common membership units in exchange for the preferred membership units. All common membership units will be diluted on a proportional basis.

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 (a) any membership unit is redeemed by Charter Communications Holding Company, (b) any membership unit is transferred to Charter Communications, Inc. or another person, or (c) liquidating distributions are made with respect to the membership unit.

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 on which Charter Communications, Inc. contributes the proceeds of the offering to Charter Communications Holding Company and Class B common membership units are issued to Charter Communications, Inc., 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.

The operating agreement also provides rights to the Bresnan sellers. In particular, 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 maintain their Venture Capital Operating Company status (as defined in regulations promulgated by the United States Department of Labor under the Employee Retirement Income Security Act of 1974, as amended) and qualify for the Venture Capital Operating Company exception that excludes the underlying assets of the company from "plan assets" within the meaning of the regulations mentioned above; and

- 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 and its subsidiaries as long as the Bresnan sellers hold Class C common membership units.

Any amendment to the operating agreement 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:

- is adverse to the Class D common members and that treats the Class D common membership units in a discriminatory manner vis-a-vis the Class A common membership units, without the consent of Class D common members owning a majority of the Class D common membership units adversely affected;

- is adverse to the Class C common members, without the consent of Class C common members owning a majority of the Class C common membership units adversely affected;

- is adverse to the Class A common members, without the approval of the Class A common members; and

- (a) is adverse to the Class A preferred members with respect to their redemption and preferred return rights, transfer rights or liquidation rights or (b) adversely alters any other expressly articulated rights of the Class A preferred members and 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 membership units.

REGISTRATION RIGHTS

HOLDERS OF CLASS B COMMON STOCK. Pursuant to a registration rights agreement that Charter Communications, Inc. will enter into with the holders of its Class B common stock, 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. We are obligated to pay the costs associated with all such registrations.

Immediately following the offering, all shares of Class A common stock issuable upon conversion of outstanding Class B common stock and conversion of Class B common stock issuable 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. has agreed to register the issuance 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.

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 enter into an agreement or agreements with the Falcon sellers pursuant to which they will be prohibited, except through the exercise of any put rights or recission rights, from selling shares of Class A common stock prior to 180 days after the completion of this offering.

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.

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 Shareholders 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. 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;

- 61,497,560 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;

- 16,538,207 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 also 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 their Charter Communications Holding Company membership units or securities convertible into or exchangeable for Class A common stock or membership units 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 privately placed equity securities to finance $1.1 billion of the Bresnan acquisition purchase price. The sellers in the Rifkin acquisition who are receiving Charter Communications Holding Company preferred membership units have agreed to similar restrictions, and we are seeking the agreement of the relevant Bresnan and Falcon sellers to similar restrictions.

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 are being 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 Securities Corporation, Merrill Lynch International, Salomon Brothers International, ABN Amro Rothschild, Credit Lyonnais Securities and Dresdner Bank AG 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 not to dispose of or hedge any of their Class A common stock or their Charter Communications Holding Company membership units or securities convertible into or exchangeable for Class A common stock or membership units 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 privately placed equity securities to finance $1.1 billion of the Bresnan acquisition purchase price. The Rifkin sellers who received Charter Communications Holding Company membership units have agreed to 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.

The estimated total expenses of the offering, excluding underwriting discounts, of approximately $ million 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, 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.

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 September 28, 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, 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 32% 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).

CHARTER COMMUNICATIONS HOLDING COMPANY, LLC AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

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, except for membership units received by the President and Chief Executive Officer of Charter, which are exchangeable for Class B common stock. 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,	YEAR ENDED DECEMBER 31	
	1998	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.

CHARTER COMMUNICATIONS HOLDING COMPANY, LLC AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

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 AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

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

MARCUS CABLE HOLDINGS, LLC AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

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.

MARCUS CABLE HOLDINGS, LLC AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

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.

MARCUS CABLE HOLDINGS, LLC AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

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	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	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

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

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.

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.
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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.
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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

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.

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.

CHARTERCOMM HOLDINGS, L.P.
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

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	$ --

CHARTERCOMM HOLDINGS, L.P.
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

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.

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.

CHARTERCOMM HOLDINGS, L.P.
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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.

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.

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.

CHARTERCOMM HOLDINGS, L.P.
AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

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.

GREATER MEDIA CABLEVISION SYSTEMS

NOTES TO COMBINED FINANCIAL STATEMENTS -- (CONTINUED)

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

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(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)

- ---------------

(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

(ALL DOLLAR AMOUNTS IN THOUSANDS)

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.

RENAISSANCE MEDIA GROUP LLC
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)
DECEMBER 31, 1998
(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.

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.

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.

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)

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.

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	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.

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	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

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.

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 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
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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	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	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

(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 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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(DOLLARS IN THOUSANDS)

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 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.

(DOLLARS IN THOUSANDS)

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	1997
Current federal	$ --	$ (285)
Deferred federal	(1,454)	3,813
Deferred state	(169)	498
	$(1,623)	$4,026

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(DOLLARS IN THOUSANDS)

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

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(DOLLARS IN THOUSANDS)

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.

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	YEARS ENDED 12/31/97	YEARS ENDED 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, Ltd. (CEC)
- Cable Equities of Colorado Management Corp. (CEM)	- 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.

RIFKIN ACQUISITION PARTNERS, L.L.L.P.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

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 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.

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.

RIFKIN ACQUISITION PARTNERS, L.L.L.P.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

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.

RIFKIN ACQUISITION PARTNERS, L.L.L.P.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

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).

	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

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.

R/N SOUTH FLORIDA CABLE MANAGEMENT LIMITED PARTNERSHIP

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

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.

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, except for membership units received by the President and Chief Executive Officer of Charter, which are exchangeable for Class B common stock.

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.

MARCUS CABLE HOLDINGS, LLC AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)
(UNAUDITED)
(DOLLARS IN THOUSANDS)

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.

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.

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	SIX MONTHS ENDED JUNE 30, 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

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)

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

	GENERAL PARTNER	LIMITED PARTNERS	TOTAL
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.

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

RIFKIN CABLE INCOME PARTNERS L.P.

NOTES TO FINANCIAL STATEMENTS -- (CONTINUED)

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	SIX MONTHS ENDED JUNE 30, 1998
	(UNAUDITED)	(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	SIX MONTHS ENDED 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.

AVALON CABLE LLC AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

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

AVALON CABLE LLC AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

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%

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.

AVALON CABLE LLC AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

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.

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	DECEMBER 31, 1998
	(UNAUDITED)	
	(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			
	UNITS	$	UNITS	$	ACCUMULATED DEFICIT	TOTAL MEMBERS' INTEREST
	(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 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.

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.

(DOLLARS IN THOUSANDS EXCEPT PER SHARE DATA)

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.

(DOLLARS IN THOUSANDS EXCEPT PER SHARE DATA)

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

(DOLLARS IN THOUSANDS EXCEPT PER SHARE DATA)

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

(DOLLARS IN THOUSANDS EXCEPT PER SHARE DATA)

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.

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.

AVALON CABLE OF MICHIGAN HOLDINGS, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)
JUNE 30, 1999

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	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.

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.

CABLE MICHIGAN, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

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.

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.

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		FOR THE PERIOD ENDED NOVEMBER 5,
	1996	1997	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.

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

AMRAC CLEAR VIEW, A LIMITED PARTNERSHIP

NOTES TO FINANCIAL STATEMENTS -- (CONTINUED)

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

AMRAC CLEAR VIEW, A LIMITED PARTNERSHIP

NOTES TO FINANCIAL STATEMENTS -- (CONTINUED)

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

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	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 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.

NOTES TO COMBINED FINANCIAL STATEMENTS -- (CONTINUED)

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

FALCON COMMUNICATIONS, L.P.
(SUCCESSOR TO FALCON HOLDING GROUP, L.P.)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

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

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;

(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 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

	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

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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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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

(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.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

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

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

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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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

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	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.

FALCON COMMUNICATIONS, L.P.
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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	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

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(SUCCESSOR TO FALCON HOLDING GROUP, L.P.)

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

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.

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

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.

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	DECEMBER 31 1998
	(UNAUDITED)	
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	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.

BRESNAN COMMUNICATIONS GROUP LLC

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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

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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.

BRESNAN COMMUNICATIONS GROUP LLC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)
JUNE 30, 1999
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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 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

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)

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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 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.

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

Charter Cable Television and Charter Digital Cable(TM)

High Speed

Internet Access

Charter Pipeline(TM)

Internet TV

With Worldgate TV over Cable(SM)

Interactive TV

Through a partnership with Wink(TM)

[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, Jerald L. Kent, Barry L. Babcock and Howard L. Wood 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.

At its inception, Charter Communications, Inc. issued in July 1999 100 shares of its Class A common stock to Charter Investment, Inc. This transaction 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. The issuance of these securities has not been registered.

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.

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 issuance of these securities has not been registered.

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(9)
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) 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(1)

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 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)

2.9 Purchase and Contribution Agreement, dated as of May 26, 1999, by and among Falcon Communications, L.P., Falcon Holding Group, L.P., TCI Falcon Holdings, LLC, Falcon Cable Trust, Falcon Holding Group, Inc. and DHN Inc. and Charter Communications, Inc. (now called Charter Investment, Inc.)

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	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.)
2.11	Purchase and Contribution Agreement, entered into as of June 1999, by and among BCI (USA), LLC, William 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. and TCI Bresnan LLC and Charter Communications Holding Company, LLC (now called Charter Investment, Inc.)
3.1	Form of Restated Certificate of Incorporation of Registrant*
3.2	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)	Amended and Restated Limited Liability Company Agreement for Charter Communications Holding Company, LLC, effective as of October , 1999, by and among Charter Communications, Inc. and the other individuals and entities listed on Schedule A thereto*
10.13	Exchange Agreement, dated as of October , 1999 by and between Charter Communications, Inc., Charter Investment, Inc., Vulcan Cable III Inc., and certain Charter employees and officers made a party thereto pursuant to the terms thereof*
10.14	Registration Rights Agreement, dated as of October , 1999, by and among Charter Communications, Inc. and the stockholders party thereto*
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(a)	Employment Agreement, dated as of December 23, 1998, between Barry L. Babcock and Paul G. Allen(12)
10.16(b)	Form of Assignment and Assumption Agreement, dated as of , 1999, by and between Charter Investment, Inc. and Charter Communications, Inc.
10.17(a)	Employment Agreement, dated as of December 23, 1998, between Howard L. Wood and Paul G. Allen(12)
10.17(b)	Form of Assignment and Assumption Agreement, dated as of , 1999, by and between Charter Investment, Inc. 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 May 25, 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)
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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)
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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(a)	Charter Communications Holdings, LLC 1999 Option Plan(9)
10.36(b)	Assumption Agreement, dated as of May 25, 1999, by and among Charter Communications Holdings, LLC and Charter Communications Holding Company, LLC.
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
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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**

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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 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. 2 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 28th day of September 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	September 28, 1999
* Jerald L. Kent	President, Chief Executive Officer and Director (Principal Executive Officer)	September 28, 1999
* William D. Savoy	Director	September 28, 1999
* Kent D. Kalkwarf	Senior Vice President and Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)	September 28, 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(9)	
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)	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)	

EXHIBIT NUMBER	DESCRIPTION	PAGE NO.
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(1)	
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	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)	
2.9	Purchase and Contribution Agreement, dated as of May 26, 1999, by and among Falcon Communications, L.P., Falcon Holding Group, L.P., TCI Falcon Holdings, LLC, Falcon Cable Trust, Falcon Holding Group, Inc. and DHN Inc. and Charter Communications, Inc. (now called Charter Investment, Inc.)	
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	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.)	

EXHIBIT NUMBER	DESCRIPTION	PAGE NO.
2.11	Purchase and Contribution Agreement, entered into as of June 1999, by and among BCI (USA), LLC, William 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. and TCI Bresnan LLC and Charter Communications Holding Company, LLC (now called Charter Investment, Inc.)	
3.1	Form of Restated Certificate of Incorporation of Registrant*	
3.2	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)	

EXHIBIT NUMBER	DESCRIPTION	PAGE NO.
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)	Amended and Restated Limited Liability Company Agreement for Charter Communications Holding Company, LLC, effective as of October , 1999, by and among Charter Communications, Inc. and the other individuals and entities listed on Schedule A thereto*	
10.13	Exchange Agreement, dated as of October , 1999 by and between Charter Communications, Inc., Charter Investment, Inc., Vulcan Cable III Inc., and certain Charter employees and officers made a party thereto pursuant to the terms thereof*	
10.14	Registration Rights Agreement, dated as of October , 1999, by and among Charter Communications, Inc. and the stockholders party thereto*	
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(a)	Employment Agreement, dated as of December 23, 1998, between Barry L. Babcock and Paul G. Allen(12)	
10.16(b)	Form of Assignment and Assumption Agreement, dated as of , 1999, by and between Charter Investment, Inc. and Charter Communications, Inc.	
10.17(a)	Employment Agreement, dated as of December 23, 1998, between Howard L. Wood and Paul G. Allen(12)	
10.17(b)	Form of Assignment and Assumption Agreement, dated as of , 1999, by and between Charter Investment, Inc. and Charter Communications, Inc.	
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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**	

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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 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 2.9

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.

PURCHASE AND CONTRIBUTION AGREEMENT

DATED AS OF MAY 26, 1999

TABLE OF CONTENTS

TABLE OF SCHEDULES

The preceding schedules have been omitted from this exhibit. The Company agrees to provide copies of such schedules to the Commission upon request.

TABLE OF EXHIBITS

The preceding exhibits A, F, G, H and I have been omitted from this exhibit. The Company agrees to provide copies of such exhibits to the Commission upon request.

PURCHASE AND CONTRIBUTION AGREEMENT

This PURCHASE AND CONTRIBUTION AGREEMENT (this "Agreement") is dated as of May 26, 1999, by and among Charter Communications, Inc., a Delaware corporation ("Buyer"), Falcon Communications, L.P., a California limited partnership ("Falcon"), Falcon Holding Group, L.P., a Delaware limited partnership ("FHGLP"), TCI Falcon Holdings, LLC, a Delaware limited liability company ("TCI"), Falcon Cable Trust, a California trust ("FC Trust"), Falcon Holding Group, Inc., a California corporation ("FHGI"), and DHN Inc., a California corporation ("DHN") (FHGLP, TCI, FC Trust, FHGI and DHN sometimes referred to herein as "Sellers").

R E C I T A L S:

A. FHGLP and TCI hold all of the outstanding partnership interests in Falcon. FC Trust and FHGI hold partnership interests in certain other Falcon Companies. FHGLP holds certain equity interests in Enstar Communications Corporation ("Enstar") and Enstar Finance Company, LLC ("Enstar Finance"). DHN holds certain equity interests in Adlink Cable Advertising LLC ("Adlink").

B. Buyer desires to acquire from FHGLP and TCI all of the partnership interests in Falcon, the specified partnership interests in certain Falcon Companies held by FC Trust and FHGI, the specified interests in Enstar and Enstar Finance held by FHGLP, and the specified interests in Adlink held by DHN.

C. The parties hereto desire to set forth the terms in accordance with which Buyer shall acquire the above-described interests from the Sellers for the consideration and on the terms and conditions set forth in this Agreement.

A G R E E M E N T S:

In consideration of the above recitals and of the mutual agreements and covenants contained in this Agreement, the parties to this Agreement, intending to be bound legally, agree as follows:

SECTION 1 CERTAIN DEFINITIONS.

1.1 Terms Defined in this Section. The following terms, as used in this Agreement, have the meanings set forth in this Section:

"Adjustment Escrow Agent" means the Escrow Agent to be named in the Adjustment Escrow Agreement.

"Adjustment Escrow Agreement" means the Adjustment Escrow Agreement that may, subject to the terms of this Agreement, be executed and delivered by Buyer, FHGLP and the Adjustment Escrow Agent, substantially in the form of Exhibit A hereto.

"Adjustment Time" means 11:59 p.m., California time, on the Closing Date.

"Affiliate" means, with respect to any Person, any other Person that directly or indirectly through one or more intermediaries controls, is controlled by, or is under common control with the specified Person.

"Assets" means all of the tangible and intangible assets that are owned, leased or held by the Falcon Companies and that are used or held for use in connection with the conduct of the business or operations of the Systems, and less any such Assets that are sold, transferred or otherwise conveyed by the Falcon Companies to third Persons prior to the Closing in accordance with the provisions of this Agreement, provided that with respect to any assets that are leased by the Falcon Companies or otherwise not owned by the Falcon Companies, "Assets" includes only the interest, title and rights in such assets held by the Falcon Companies.

"Basic Subscriber" means, with respect to any System, any Subscriber to a System at the regular basic monthly subscription rate (including discounted rates offered in the ordinary course of business consistent with past practice) for at least broadcast basic cable service (either alone or in combination with any other service) for such System, who has rendered payment for at least one month's service and who does not have more than Five Dollars ($5.00) (excluding late charges and fees and amounts subject to a bona fide dispute) that is more than two months past due from the last day of the period to which any outstanding bill relates.

"Bulk Subscriber" means, with respect to any System, any Subscriber, other than a Basic Subscriber, to at least broadcast basic cable service (either alone or in combination with any other service) for such System which is billed to such Subscriber on a bulk basis to bulk commercial accounts, such as hotels, motels and hospitals and bulk residential accounts, such as condominiums, trailer parks, apartment houses and similar multiple dwelling units or other commercial accounts and who has rendered payment for at least one month's service at such customer's regular basic monthly subscription rate for such service and who does not have more than Five Dollars ($5.00) (excluding late charges and fees and amounts subject to a bona fide dispute) that is more than two months past due from the last day of the period to which any outstanding bill relates.

"Cable Act" means Title VI of the Communications Act of 1934, as amended, 47 U.S.C. Section 521 et seq., all other provisions of the Cable Communications Policy Act of 1984, the Cable Television Consumer Protection and Competition Act of 1992, and the provisions of the Telecommunications Act of 1996 amending Title VI of the Communications Act of 1934, in each case as amended and in effect from time to time.

"Charter Holdings" means Charter Communications Holdings, LLC.

"Charter LLC" means a limited liability company to be formed pursuant to the Charter LLC Operating Agreement as contemplated by Section 6.6.

"Charter LLC Operating Agreement" means the operating agreement of Charter LLC containing the provisions set forth in Exhibit D hereto and such other provisions as contemplated in Section 6.6, which agreement shall be executed and delivered on the Closing Date.

"Charter's Disclosure Schedules" means the Disclosure Schedules referred to in Section 5 of this Agreement and attached to this Agreement.

"Closing" means the purchase and sale of the Purchased Interests pursuant to this Agreement.

"Closing Date" means the date on which the Closing occurs.

"Code" means the Internal Revenue Code of 1986, as amended, and the Treasury Regulations promulgated thereunder, as amended and in effect from time to time.

"Commercial Bulk Subscriber" means a Bulk Subscriber that is a commercial or business bulk account, such as a hotel, motel or hospital, as reflected in the records of the Falcon Companies.

"Compensation Arrangement" means any plan or compensation arrangement other than an Employee Plan, whether written or unwritten, which provides to employees, former employees, officers, directors and shareholders of any Falcon Company or any ERISA Affiliate any compensation or other benefits, whether deferred or not, in excess of base salary or wages, including, but not limited to, any bonus or incentive plan, stock rights plan, deferred compensation arrangement, life insurance, stock purchase plan, severance pay plan and any other employee fringe benefit plan.

"Consents" means the consents, permits, approvals and authorizations of Governmental Authorities and other Persons necessary to transfer the Purchased Interests to Buyer and to consummate the other transactions contemplated by this Agreement.

"Contracts" means all leases, easements, rights-of-way, rights of entry, programming agreements, pole attachment and conduit agreements, customer agreements and other agreements (other than Franchises), written or oral (including any amendments and other modifications thereto), to which any Falcon Company is a party or which are binding upon any Falcon Company.

"Copyright Act" means the Copyright Act of 1976, as amended and in effect from time to time.

"Credit Agreement" means the Credit Agreement dated as of June 30, 1998, as amended, among certain of the Falcon Companies named therein and the Lenders (as defined therein), including NationsBank, N.A., as Syndication Agent, Bank of America, N.T. & S.A., as Agent, The

Chase Manhattan Bank, as Co-Syndication Agent, BankBoston, N.A., as Documentation Agent and Toronto Dominion (Texas) Inc., as Administrative Agent, as the same may be amended and in effect from time to time.

"Debt Documents" means the Indenture and the Credit Agreement and the MONY Agreement and all documents or instruments delivered in connection therewith or pursuant thereto, including any placement agreement or registration rights agreement executed and delivered in connection with the issuance of the securities subject to the Indenture.

"Employee Plan" means any pension, retirement, profit-sharing, deferred compensation, vacation, severance, bonus, incentive, medical, vision, dental, disability, life insurance or any other employee benefit plan as defined in Section 3(3) of ERISA to which any Falcon Company or any ERISA Affiliate of any Falcon Company contributes or is required to contribute or which any Falcon Company or any such ERISA Affiliate sponsors or maintains.

"Encumbrances" means any pledge, claim, mortgage, lien, charge, encumbrance, attachment, exception to or defect in title or other ownership interest or security interest of any kind or nature whatsoever.

"Enforceability Exceptions" means the exceptions or limitations to the enforceability of contracts under bankruptcy, insolvency, or similar laws affecting creditors' rights generally or by judicial discretion in the enforcement of equitable remedies and by public policies generally.

"Enstar Credit Agreement" means the Credit Agreement dated as of September 30, 1997 among Enstar Finance, Banque Paribas, as Administrative Agent, Bank of America National Trust and Savings Association, as Documentation Agent, and the other financial institutions party thereto, as the same may be amended and in effect from time to time.

"Enstar Debt Documents" means the Enstar Credit Agreement and all documents or instruments delivered in connection therewith or pursuant thereto.

"Environmental Claim" means any written claim, complaint, action, suit, proceeding, investigation or notice, including without limitation any proceeding before any federal, state or local administrative body by any Person, agent or agency of a federal, state or local government alleging potential liability arising out of, based on or resulting from (A) the release or disposal into, or the presence in the environment, including, without limitation, the indoor environment, soil, subsurface, surface or groundwater, of any pollutant, contaminant, waste, toxic substance, hazardous substance, petroleum or petroleum derivative at any location, whether or not owned by the Falcon Companies, or (B) circumstances forming the basis of any violation, or alleged violation, of any Environmental Law.

"Environmental Law" means any and all federal, state or local laws, statues, rules, regulations, ordinances, orders, decrees or other binding obligations (A) related to releases or threatened releases of any Hazardous Substance to soil, surface water, groundwater, air or any other environmental media; (B) governing the use, treatment, storage, disposal, transport, or handling of Hazardous Substance; or (C) related to the protection of the environment and human health. Such Environmental Laws shall include, but are not limited to, RCRA, CERCLA, EPCRA, the Clean Air Act, the Clean Water Act, the Safe Drinking Water Act, the Toxic Substances Control Act, the Endangered Species Act, and any other federal, state or local laws, statutes, ordinances, rules, orders, permit conditions, licenses or any terms or provisions thereof related to clauses (A), (B), or (C) above.

"Equity Interests" means any and all shares, interests, or other equivalent interests (however designated) in the equity of any Person, including capital stock, partnership interests and membership interests, and including any rights, options or warrants with respect thereto.

"Equivalent Subscribers" means, with respect to any System, as of any date of determination, the sum of: (A) the number of Basic Subscribers served by such System as of such date; (B) the number of Basic Subscribers represented by the Commercial Bulk Subscribers served by such System as of such date, which number of Commercial Bulk Subscribers shall be calculated by dividing (1) the monthly billings attributable to such System's Commercial Bulk Subscribers for full basic cable service provided by such System for the calendar month immediately preceding the date on which such calculation is made, by (2) the full, non-discounted monthly rate charged by such System for full basic cable service (excluding pass-through charges for sales taxes, line-itemized franchise fees, fees charged by the FCC and other similar line-itemized charges); and (C) the number of Basic Subscribers represented by the Residential Bulk Subscribers served by such System as of such date, which number of Residential Bulk Subscribers shall be calculated by determining the number of individual dwelling units in such Residential Bulk Subscriber (e.g., for an apartment building, the number of individual apartments in such building) as of such date. For purposes of the foregoing, monthly billings shall exclude billings for a la carte or optional service tiers and for premium services, pass-through charges for sales taxes, line-itemized franchise fees, fees charged by the FCC and other similar line-itemized charges, and nonrecurring charges or credits which include those relating to installation, connection, relocation and disconnection fees and miscellaneous rental charges for equipment such as remote control devices and converters.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended, and the rules and regulations thereunder, as amended and in effect from time to time.

"ERISA Affiliate" means a trade or business affiliated within the meaning of Sections 414(b), (c) or (m) of the Code.

"Exchange Act" means the Securities Exchange Act of 1934, as amended, and the rules and regulations of the SEC promulgated thereunder, as in effect from time to time.

"Exchange Agreement" means the Exchange Agreement by and among the parties named therein, containing the provisions set forth in Exhibit E hereto and such other provisions as contemplated in Section 6.6, which agreement shall be executed and delivered on the Closing Date.

"Falcon Companies" means, collectively, the companies listed on Schedule 1.1(a) hereto, each of which may be referred to herein individually as a "Falcon Company," and specifically excludes Enstar and Enstar Finance and the other Enstar partnerships listed on Schedule 4.4, Adlink, and all other Investment Persons.

"Falcon's Disclosure Schedules" means the Disclosure Schedules referred to in Sections 3, 4 and 6.1 of this Agreement and attached to this Agreement.

"FCC" means the Federal Communications Commission, or any successor agency thereof.

"FCC Licenses" means any domestic satellite, business radio or other Licenses issued by the FCC with respect to the Systems.

"FCC Regulations" means the rules, regulations and published policies and decisions of the FCC promulgated by the FCC with respect to the Cable Act, as in effect from time to time.

"FFI" means Falcon First, Inc.

"Franchise" means any cable television franchise and related agreements, ordinances, permits, instruments or other authorizations issued or granted to a Falcon Company by any Franchising Authority, including all amendments thereto and renewals or modifications thereof, authorizing the construction or operation of a cable television system.

"Franchise Area" means any geographic area in which a Falcon Company is authorized to provide cable television service pursuant to a Franchise (including any area pursuant to which a Falcon Company is operating under an expired Franchise) or otherwise provides cable television service for which area a Franchise is being negotiated or is not required pursuant to applicable Legal Requirements.

"Franchising Authorities" means all Governmental Authorities that have issued or granted any Franchises relating to the operation of a System.

"GAAP" means generally accepted accounting principles as in effect in the United States from time to time.

"Governmental Authority" means any federal, state, or local governmental authority or instrumentality, including any court, tribunal or administrative or regulatory agency, department, bureau, commission or board.

"Hazardous Substance" means any substance, hazardous material, or other substance or compound regulated under Environmental Laws, including, without limitation, petroleum or any refined product or fraction or derivative thereof.

"Headquarters Employees" means the employees of the Falcon Companies set forth in Schedule 1.1(b), less any such employees who are no longer employed by the Falcon Companies at the Closing (other than as a result of the transactions contemplated by this Agreement), plus any employees hired in the ordinary course of business to replace any such Headquarters Employees.

"HSR Act" means the Hart-Scott-Rodino Antitrust Improvements Act of 1976, and the regulations promulgated by the Federal Trade Commission with respect thereto, as amended and in effect from time to time.

"Indebtedness" of any Person means, without duplication, (A) all indebtedness for borrowed money; (B) all obligations issued, undertaken or assumed as the deferred purchase price of property or services (other than trade payables and accrued liabilities entered into in the ordinary course of business on ordinary terms); (C) all non-contingent reimbursement or payment obligations with respect to surety instruments; (D) all obligations evidenced by notes, bonds, debentures or similar instruments, including obligations so evidenced incurred in connection with the acquisition of property, assets or businesses; (E) all indebtedness created or arising under any conditional sale or other title retention agreement, or incurred as financing, in either case with respect to property acquired by the Person (even though the rights and remedies of the seller or bank under such agreement in the event of default are limited to repossession or sale of such property); (F) all capitalized lease obligations; (G) all net obligations with respect to swap or interest rate hedge Contracts; (H) all indebtedness referred to in clauses (A) through (G) above secured by (or for which the holder of such Indebtedness has an existing right, contingent or otherwise, to be secured by) any lien upon or in property (including accounts and contract rights) owned by such Person, even though such Person has not assumed or become liable for the payment of such Indebtedness; and (I) all guaranty obligations in respect of indebtedness or obligations of others of the kinds referred to in clauses (A) through (G) above; provided, however, that "Indebtedness" shall not include any obligations such as letters of credit, surety bonds or performance bonds or similar obligations entered into in the ordinary course of business.

"Indenture" means the Indenture dated as of April 3, 1998 among FHGLP (and assumed by Falcon) and Falcon Funding Corporation and United States Trust Company of New York, as Trustee, as the same may be amended and in effect from time to time.

"Intangibles" means all copyrights, trademarks, trade names, service marks, service names, patents, permits, proprietary information, technical information and data, machinery and equipment warranties, and other similar intangible property rights and interests (which shall in no event include Franchises, Licenses or Contracts) issued to or owned by any of the Falcon Companies.

"Knowledge" means the actual knowledge of the persons listed in Schedule 1.1(c) with respect to Buyer and the actual knowledge of the persons listed in Schedule 1.1(d) with respect to Falcon.

"Legal Restrictions" means restrictions on transfer arising under the securities laws, the Cable Act, FCC Regulations, the Franchises and the Licenses.

"Legal Requirements" means applicable common law and any applicable statute, permit, 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 FCC), including any applicable order, decree or judgment which may have been handed down, adopted or imposed by any Governmental Authority, all as in effect from time to time.

"Licenses" means all domestic satellite, business radio and other FCC Licenses, and all other licenses, authorizations and permits issued by any Governmental Authority that are held by a Falcon Company in the business and operations of the Systems, excluding the Franchises.

"Loss" means any claims, losses, liabilities, damages, penalties, costs and expenses (excluding any and all consequential, incidental and special damages).

"Material Adverse Effect" means a material adverse effect on the business, results of operations, assets, liabilities or financial condition of the Falcon Companies, taken as a whole or the Systems, taken as a whole, but without giving effect to any effect resulting from (i) changes in conditions (including economic conditions, Rate Regulatory Matters and other federal or state governmental actions, proposed or enacted legislation or proposed or enacted regulations) that are applicable to the economy or the cable television industry in general on a national, regional or state basis or (ii) any changes in competition affecting the business of the Falcon Companies.

"Material Contract" means any Contract that requires payments by a Falcon Company in the aggregate of more than $150,000 per year, any Contract containing a noncompete covenant binding on any of the Falcon Companies, any Contract relating to the business of providing Internet access or telephony services, any Contract relating to a pending purchase or sale of cable television systems, and any partnership agreement, limited liability operating agreement or similar agreement pursuant to which any Falcon Company has made an investment in an Investment Person, but "Material Contract" specifically excludes all subscription agreements with customers (including, multiple dwelling unit agreements and Contracts with Bulk Subscribers), pole attachment agreements and conduit agreements, and construction contracts.

"Material FCC Consent" means any Consent of the FCC that is necessary for the transfer of control to Buyer in connection with the consummation of the transactions contemplated by this Agreement with respect to the Licenses identified in Schedule 1.1(e).

"MONY Agreement" means the Note Purchase and Exchange Agreement dated as of October 21, 1991, among Falcon Telecable, a California Limited Partnership, AUER & CO., and J. Romeo & Co., relating to the 11.56% Series A Subordinated Notes due March 31, 2001 and 11.56% Series B Subordinated Notes due March 31, 2001, as the same may be amended and in effect from time to time.

"MONY Notes" means the Notes issued pursuant to the MONY Agreement.

"Nathanson Agreement" shall mean the agreement relating to the appointment of Marc Nathanson as Vice-Chairman of Charter and as a director of any public entity formed by Charter and related items relating to such appointment, including office space and staff assistance for Mr. Nathanson, that has been entered into concurrently with the execution of this Agreement.

"Organizational Documents" means, with respect to any Person (other than an individual), the articles or certificate of incorporation, bylaws, certificate of limited partnership, partnership agreement, certificate of formation, limited liability company operating agreement, and all other organizational documents of such Person.

"Permitted Encumbrances" means each of the following: (A) liens for current taxes and other governmental charges that are not yet due and payable; (B) liens for taxes, assessments, governmental charges or levies, or claims the non-payment of which is being diligently contested in good faith or liens arising out of judgments or awards against the Falcon Companies with respect to which at the time there shall be a prosecution for appeal or there shall be a proceeding to review or the time limit has not yet run for such an appeal or review with respect to such judgment or award; provided that with respect to the foregoing liens in this clause (B), adequate reserves shall have been set aside on the Falcon Companies' books, and no foreclosure, distraint, sale or similar proceedings shall have been commenced with respect thereto that remain unstayed for a period of 60 days after their commencement; (C) liens of carriers, warehousemen, mechanics, laborers, and materialmen and other similar statutory liens incurred in the ordinary course of business for sums not yet due or being diligently contested in good faith, and for which adequate reserves have been set aside on the Falcon Companies' books; (D) liens incurred in the ordinary course of business in connection with worker's compensation and unemployment insurance or similar laws; (E) statutory landlords' liens; (F) with respect to the Real Property, leases, easements, rights to access, rights-of-way, mineral rights or other similar reservations and restrictions, defects of title, which are either of record or set forth in Schedule 3.9 or in the deeds or leases to such Real Property or which, either individually or in the aggregate, do not materially and adversely affect or interfere with the ownership or use of such Real Property in the business and operation of the Systems as presently conducted; (G) Encumbrances arising under or in respect of the Senior Debt and the Credit Agreement and the Enstar Credit Agreement and the documents and instruments delivered in connection therewith or pursuant thereto; and (H) any other claims or encumbrances that are described in Schedule 3.9 and that relate to liabilities and obligations that are to be discharged in full at the Closing or that will be removed prior to or at Closing.

"Person" means an individual, corporation, association, partnership, joint venture, trust, estate, limited liability company, limited liability partnership, Governmental Authority, or other entity or organization.

"Pre-Closing Tax Period" means any Tax period (or portion thereof) ending on or before the Closing Date.

"Put Agreement" means the Put Agreement by and among the parties named therein, substantially in the form of Exhibit B hereto, which agreement shall be executed and delivered on the Closing Date.

"Rate Regulatory Matter" means, with respect to any cable television system, any matter or any effect on such system or the business or operations thereof, arising out of or related to the Cable Act, any FCC Regulations heretofore adopted thereunder, or any other present or future Legal Requirement dealing with, limiting or affecting the rates which can be charged by cable television systems to their customers (whether for programming, equipment, installation, service or otherwise).

"Real Property" means all of the fee and leasehold estates that are owned or held by any of the Falcon Companies and used or held for use in the business or operations of the Systems, and, to the extent of the interest, title, and rights of the Falcon Companies in the following: buildings and other improvements thereon, easements, licenses, rights to access, rights-of-way, and other real property interests that are owned or held by any of the Falcon Companies and used or held for use in the business or operations of the Systems, plus in each case such additions thereto and less such deletions therefrom arising between the date hereof and the Closing Date in accordance with this Agreement.

"Registration Rights Agreement" means the Registration Rights Agreement by and among the parties named therein, substantially in the form of Exhibit C hereto, which agreement shall be executed and delivered at the time contemplated in such agreement.

"Released Parties" means, collectively, Sellers and their Affiliates and their respective officers, directors, shareholders, members, partners, employees and agents.

"Residential Bulk Subscriber" means a Bulk Subscriber that is a residential bulk account, such as an apartment, condominium or trailer park, as reflected in the records of the Falcon Companies.

"SEC" means the U.S. Securities and Exchange Commission or any successor agency thereto.

"Securities Act" means the Securities Act of 1933, as amended, and the rules and regulations of the SEC promulgated thereunder, as in effect from time to time.

"Senior Debentures" means the Series A and Series B 8.375% Senior Debentures due 2010 issued by FHGLP (and assumed by Falcon) and Falcon Funding Corporation.

"Senior Debentures Amount" means the aggregate principal amount, plus accrued and unpaid interest, outstanding in respect of the Senior Debentures as of the Closing Date.

"Senior Debt" means the outstanding indebtedness of the Falcon Companies under the Credit Agreement.

"Senior Debt Amount" means the aggregate principal amount, plus accrued and unpaid interest, outstanding in respect of the Senior Debt pursuant to the Credit Agreement as of the Closing Date.

"Senior Discount Debentures" means the Series A and Series B 9.285% Senior Discount Debentures due 2010 issued by FHGLP (and assumed by Falcon) and Falcon Funding Corporation.

"Senior Discount Debentures Accreted Value" means the Accreted Value (as defined in the Indenture) of the Senior Discount Debentures as of the Closing Date.

"Subscriber" means any Person to whom any Falcon Company provides cable television programming or other service through the Systems into a single household, a multiple dwelling unit, a hotel or motel unit, a commercial business or any other real property improvement.

"Subsidiary" means, with respect to any Person, any other Person of which the outstanding voting Equity Interests sufficient to elect at least a majority of its board of directors or other governing body (or, if there are no such voting interests, of which 50% or more of the Equity Interests) are owned (beneficially or otherwise) directly or indirectly by such first Person or any Subsidiary thereof.

"Systems" means the cable television systems owned and operated by any Falcon Company or any combination of any of them, each of which may be referred to herein individually as a "System," but excluding the cable television systems owned, operated or managed, directly or indirectly, by Enstar and the other Investment Persons.

"Tangible Personal Property" means all of the equipment, tools, vehicles, furniture, leasehold improvements, office equipment, plant, converters, spare parts, and other tangible personal property which are owned or leased by any of the Falcon Companies and used or held for use in the conduct of the business or operations of the Systems, plus such additions thereto and less such deletions therefrom arising between the date hereof and the Closing Date in accordance with this Agreement.

"Tax" means any and all taxes, fees, levies, duties, tariffs, imposts and other charges of any kind imposed by any government or taxing authority, including: federal, state, local, or foreign gross income, gross receipts, net income, ad valorem, value added, possessory interest, alternative or add-on minimum, windfall profits, severance, property, production, sales, use, license, excise, franchise, capital, stamp, occupation, premium, environmental, transfer, payroll, employment, withholding, or other taxes, charges, fees, liens, customs, duties, licenses or other governmental assessments, together with any interest, additions, or penalties with respect thereto and any interest in respect of such additions or penalties, but excluding Franchise fees, FCC payments and fees, and copyright payments and fees.

"Tax Return" means any tax return, declaration of estimated tax, tax report or other tax statement, or any other similar filing, including any schedule or attachment thereto, and including any amendment thereof, required to be submitted to any Governmental Authority with respect to any Tax.

"TCI Systems" means the Systems contributed to the Falcon Companies by TCI pursuant to the Contribution and Purchase Agreement referred to in the Amended and Restated Agreement of Limited Partnership of Falcon dated as of December 30, 1997, as amended.

"Transaction Documents" means this Agreement, the Adjustment Escrow Agreement (if applicable), the Put Agreement, the Registration Rights Agreement, the Exchange Agreement, the Charter LLC Operating Agreement, the Amended Falcon Partnership Agreement, and the other documents, agreements, certificates and other instruments to be executed, delivered and performed by the parties in connection with the transactions contemplated by this Agreement.

"Transferable Franchise Area" means any Franchise Area with respect to which (A) any Consent necessary under a Franchise (including an expired Franchise pursuant to which a Falcon Company is operating) in connection with the consummation of the transactions contemplated by this Agreement shall have been obtained or shall have been deemed obtained by operation of law in accordance with the provisions of the Cable Act, or (B) no Consent is necessary under a Franchise in connection with the consummation of the transactions contemplated by this Agreement, provided that, with respect to any expired Franchise for which, as of the date hereof, the Franchising Authority has not granted to the applicable Falcon Company continuing operation authority and the Franchise Area serves greater than 350 Subscribers and pursuant to which Consent was not required prior to its expiration, a true and complete list of which is set forth on Schedule 1.1(f), the corresponding Franchise Area shall not be a Transferable Franchise Area unless and until the applicable Franchising Authority has either (i) consented to the consummation of the transactions contemplated by this Agreement, (ii) renewed such Franchise, or (iii) granted to the applicable Falcon Company continuing operating authority to the effect that such Falcon Company has authority to operate under such Franchise until such time as a final decision has been made with respect to the renewal of such Franchise, such consent, renewal or continuing operating authority being referred to as a "Designated Consent"), or (C) no Franchise is required to provide cable television service pursuant to applicable Legal Requirements, which Franchise Areas referred to in this clause (C) are listed on Schedule 3.8, or (D) with respect to the Franchises marked with an asterisk on Schedule 3.8, the applicable Franchising Authority has either (i) evidenced its acknowledgment and approval of the consummation of the transactions contemplated by this Agreement, or (ii) has not requested additional information from Falcon or Buyer regarding such transactions within 30 days of receiving the notification referred to in Section 6.4(h).

"Upset Date" means November 30, 2000, subject to extension as provided in Section 8.1(a)(3) and 8.1(a)(4).

1.2 Terms Defined Elsewhere in this Agreement. For purposes of this Agreement, and in addition to (i) the definitions set forth in the first paragraph hereof and in Section 1.1, and (ii) certain defined terms that are used solely within the section in which they are defined, the following terms have the meanings set forth in the sections indicated:

Term	Section
Adjustment Escrow Amount	Section 2.5(a)(2)
Adlink	Recital A
Aggregate Consideration	Section 2.3(a)
Allocation Agreements	Section 6.10(h)
Allocation Notice	Section 2.1(b)
Antitrust Division	Section 6.5
Amended Falcon Partnership Agreement	Section 6.6(c)
Assumed Liabilities	Section 2.2(a)
Capital Expenditure Budget	Section 3.23
Cause	Section 6.9(c)
Charter Allocation Agreement	Section 6.10(h)
Charter Corporate Subsidiary	Section 6.10(h)
Cash Consideration	Section 2.3
Charter Financial Statements	Section 5.9(a)
Closing Cash Payment	Section 2.5
Closing Equivalent Subscribers	Section 2.4(a)
Closing Net Liabilities	Section 2.4(b)
Closing Payment	Section 2.5(b)
Confidentiality Agreement	Section 6.2(a)
Contributed Interest	Section 2.1(b)
Current Assets	Section 2.4(b)(2)

Current Liabilities	Section 2.4(b)(3)
Designated Consent	Definition of Transferable Franchise Area
DOL	Section 3.13(d)(ix)
Enstar	Recital A
Enstar Finance	Recital A
Equity Consideration	Section 2.1(b)
Equity Value	Section 2.3(b)
Falcon 401(k) Plan	Section 6.9(g)
Falcon Allocation Agreement	Section 6.10(h)
Falcon Financial Statements	Section 3.5(a)
Fee Properties	Section 3.9
Final Closing Statement	Section 2.6(a)
FTC	Section 6.5
Inventory	Section 3.19
Investment Person	Section 3.3(a)
Minimum Contributed Interest	Section 2.1(b)
Net Closing Payment	Section 2.5(b)
NYNEX Litigation	Section 2.1(c)
Options	Section 8.2(h)
Pending Acquisitions	Section 6.1(c)(3)
Preliminary Closing Statement	Section 2.5(a)
Preliminary Dispute Notice	Section 2.5(a)
Purchased Interests	Section 2.1
Referee	Section 2.5(a)(1)
Tax Partnership	Section 3.12(b)(9)
Transferred Headquarters Employees	Section 6.9(b)
Working Capital	Section 2.4(b)(1)
Year 2000 Matters	Section 3.22

1.3 Rules of Construction. Words used in this Agreement, regardless of the gender and number specifically used, shall be deemed and construed to include any other gender and any other number as the context requires. As used in this Agreement, the word "including" is not limiting, and the word "or" is not exclusive. Except as specifically otherwise provided in this Agreement in a particular instance, a reference to a Section is a reference to a Section of this Agreement, a reference to an Exhibit is a reference to an Exhibit to this Agreement, and the terms "hereof," "herein," and other like terms refer to this Agreement as a whole, including the Disclosure Schedules and the Exhibits to this Agreement, and not solely to any particular part of this Agreement. The descriptive headings in this Agreement are inserted for convenience of reference only and are not intended to be part of or to affect the meaning or interpretation of this Agreement.

SECTION 2 SALE AND PURCHASE OF PURCHASED INTERESTS; CONTRIBUTION OF CONTRIBUTED INTEREST; ASSUMPTION OF LIABILITIES; CONSIDERATION.

2.1 Agreement to Sell and Buy Purchased Interests and to Contribute Contributed Interest. Subject to the terms and conditions set forth in this Agreement,

(a) Sellers hereby agree to sell, transfer, convey and deliver to Buyer at the Closing, and Buyer hereby agrees to purchase at the Closing, the Equity Interests specified below (the "Purchased Interests"), free and clear of all Encumbrances, other than the pledges disclosed on Schedule 4.3 and subject to the Legal Restrictions:

(1) from TCI, its entire partnership interest in Falcon;

(2) from FHGLP, that portion of its partnership interest in Falcon that is not represented by the Contributed Interest;

(3) from FC Trust, its entire partnership interest in Falcon Video Communications Investors, L.P.;

(4) from FHGI, its entire partnership interest in each of Falcon Media Investors Group, a California Limited Partnership, Falcon Community Investors, L.P., Falcon Telecable Investors Group, a California Limited Partnership, and Falcon Investors Group, Ltd. a California Limited Partnership;

(5) from FHGLP, all of the capital stock in Enstar and its entire membership interest in Enstar Finance Company, LLC; and

(6) from DHN, its entire membership interest in Adlink.

(b) FHGLP agrees to contribute to Charter LLC, free and clear of all Encumbrances, other than the pledges disclosed on Schedule 4.3 and subject to the Legal Restrictions, a portion of its partnership interest in Falcon (the "Contributed Interest"). The percentage of FHGLP's partnership interest in Falcon represented by the Contributed Interest shall be set forth in Part I of a written notice delivered to Buyer at least two days prior to Closing substantially in the form set forth in Exhibit F (the "Allocation Notice"). In exchange for such contribution to Charter LLC, FHGLP shall receive Units in Charter LLC as provided in the Charter LLC Operating Agreement (the "Equity Consideration"). The Contributed Interest shall not be less than 44.5% of FHGLP's partnership interest in Falcon (the "Minimum Contributed Interest") and it shall not be greater than that percentage of FHGLP's partnership interest in Falcon that would cause the Equity Value to equal Five Hundred Fifty Million Dollars ($550,000,000) provided, however, (i) if receipt of the Equity Consideration may result in Taxes being recognized by the equity owners of FHGLP, as reasonably determined by counsel to FHGLP, then FHGLP may elect to contribute to Charter LLC a portion of its partnership interest in Falcon that is less than the Minimum Contributed Interest, or may elect to not contribute any portion of its partnership interest in Falcon to Charter LLC, in which event FHGLP's entire partnership interest in Falcon (or the portion not so contributed) shall be sold to Buyer pursuant to Section 2.1(a) hereof and otherwise treated as a Purchased Interest hereunder; (ii) if prior to the Closing Buyer, Charter LLC, or Charter Holdings takes an action (other than dispositions of obsolete equipment or other equipment deemed to be unnecessary in the ordinary operations of Charter Holdings' business) that results in a reduction in the assets of Charter LLC or Charter Holdings, then (in addition to the right of FHGLP and Buyer to mutually agree to an appropriate adjustment to the number of units in Charter LLC received by FHGLP as set forth in Exhibit D) FHGLP may elect not to contribute any portion of its partnership interest in Falcon to Charter LLC, in which event FHGLP's entire partnership interest in Falcon shall be sold to Buyer pursuant to Section 2.1(a) hereof and otherwise treated as a Purchased Interest hereunder; and (iii) if FHGLP makes the election to receive a cash payment pursuant to Section 6.6(c) hereof, FHGLP's entire partnership interest in Falcon shall be sold to Buyer pursuant to Section 2.1(a) hereof and otherwise treated as a Purchased Interest hereunder. If the status or qualification of the recipient of the Equity Consideration from FHGLP would cause the issuance of the Equity Consideration hereunder to require public registration of the Equity Consideration, as reasonably determined by Buyer, Buyer may elect to require FHGLP to not distribute the Equity Consideration to such recipient.

(c) FHGLP hereby agrees to assign or cause to be assigned to Buyer at the Closing all of its rights and interest in Case No. BC193800, Superior Court of the State of California, County of Los Angeles, Falcon Britannia, L.P. and Camelot Cable, Inc. v. NYNEX Corporation, NYNEX U.K. Telephone and Cable T.V. Holding Company Limited, and Cable & Wireless Communications plc, and all related rights and claims (the "NYNEX Litigation").

(d) Subject to the terms and conditions set forth in Section 6.4(f) and this Agreement, FHGLP and TCI hereby agree to cause 100% of the joint venture interests in Pacific Microwave Joint Venture to be assigned to Falcon at or prior to the Closing.

2.2 Assumption of Obligations; Effect on Partnership Agreement of Falcon.

(a) In consideration of the sale of the Purchased Interests and the contribution of the Contributed Interest, concurrently with the Closing, Buyer shall assume and be responsible for (and shall indemnify and hold Sellers harmless from and against) all obligations and liabilities associated with the Purchased Interests purchased by Buyer and the Contributed Interest contributed to Charter LLC by FHGLP, whether such obligations and liabilities arose prior to Closing or arise after the Closing, including (and notwithstanding any provision of applicable law to the contrary) all obligations and liabilities arising out of the ownership of a general partnership interest in any Falcon Company (collectively, the "Assumed Liabilities"), it being the intent of the parties that Sellers be protected against liabilities of the Falcon Companies as if the Sellers were stockholders in a corporation or members in a limited liability company; provided that Buyer shall not be deemed to have assumed directly any obligations and liabilities of the Falcon Companies vis-a-vis any Person that is not a party to this Agreement, and no such Person shall have any greater rights vis-a-vis Buyer or any of the Falcon Companies than as a result of Buyer's and the Falcon Companies' status as a general partner of the Falcon Companies.

(b) It is understood and agreed by Buyer that from and after the Closing, none of Sellers or their partners or Shareholders or TCI Communications, Inc. (or any successor thereto) shall have any further rights (subject to and without limiting their indemnification and exculpation rights as provided in Section 6.13), obligations or responsibilities of any nature whatsoever pursuant to the provisions of the Amended and Restated Agreement of Limited Partnership of Falcon Communications, L.P. dated as of December 30, 1997, as amended, or the Contribution and Purchase Agreement dated as of December 30, 1997 among Falcon, FHGLP, TCI and certain other parties, as amended, irrespective of when such obligations or responsibilities may have arisen or be deemed to have arisen.

2.3 Consideration for Purchased Interests and Contributed Interest.

(a) The consideration for the Purchased Interests and the Contributed Interest shall be Three Billion Four Hundred Eighty-One Million Dollars ($3,481,000,000) in the aggregate, subject to adjustment in accordance with Sections 2.4, 2.5 and 2.6 (the "Aggregate Consideration"). The Aggregate Consideration shall be determined by Falcon based on the Preliminary Closing Statement and set forth in Part II of the Allocation Notice. The Buyer shall pay a portion of the Aggregate Consideration in cash (the "Cash Consideration"), and the balance of the Aggregate Consideration shall be represented by the Equity Consideration delivered to FHGLP pursuant to Section 2.1(b). The value of the Aggregate Consideration shall be allocated among the Sellers as determined by the Sellers and set forth in Part III of the Allocation Notice.

(b) The amount of the Cash Consideration shall equal the Aggregate Consideration reduced by the "Equity Value", which shall equal the product of (i) the value of the Aggregate Consideration allocated to FHGLP in Part III of the Allocation Notice, and (ii) the percentage of FHGLP's partnership interest in Falcon that is contributed to Charter LLC pursuant to Section 2.1(b). The Equity Value shall be set forth in Part IV of the Allocation Notice.

(c) Each Seller acknowledges that upon payment of the Aggregate Consideration to the accounts or Persons designated by the Sellers in accordance with this Agreement, Buyer shall have no additional liability or obligation to the Sellers with respect to the allocation of the Aggregate Consideration among the Purchased Interests and the Contributed Interest and the Sellers, and each Seller agrees to indemnify and hold Buyer harmless from and against any claim by a Seller (or a partner, shareholder or member of such Seller) arising out of the allocation of the Aggregate Consideration.

(d) The Sellers and Buyer agree to allocate the Cash Consideration among the Sellers of the Purchased Interests as follows:

(1) $1 shall be paid to FHGLP for all of its capital stock in Enstar,

(2) $1 shall be paid to DHN for its entire membership interest in Adlink, and

(3) the balance of the Cash Consideration allocated to each Seller of the other Purchased Interests shall equal the sum of (x) the cash portion of the Net Closing Payment paid to such Seller as set forth in Part V of the Allocation Notice, plus (y) the portion of the Adjustment Escrow Amount paid to such Seller pursuant to Section 2.6(b)(1)(B) hereof (if any).

2.4 Adjustments.

(a) Closing Equivalent Subscribers. The Aggregate Consideration shall be decreased by the number, if any, by which the number of Closing Equivalent Subscribers is less than 979,700 multiplied by $3,516. For purposes of this Agreement, "Closing Equivalent Subscribers" means the total number of Equivalent Subscribers for all of the Systems as of the Closing Date, subject to the provisions of Sections 2.4(c) and 6.1(c)(3).

(b) Closing Net Liabilities. The Aggregate Consideration shall be decreased by the amount of the Closing Net Liabilities. For purposes of this Agreement, "Closing Net Liabilities" means:

(i) the Senior Discount Debentures Accreted Value; plus

(ii) the Senior Debentures Amount; plus

(iii) the Senior Debt Amount; plus

(iv) the principal amount and any accrued but unpaid interest as of the Adjustment Time in respect of any other indebtedness for borrowed money (not included in the foregoing clauses (b)(i), (ii) and (iii) of this Section 2.4), if any, of the Falcon Companies as of the Adjustment Time (in each case of the foregoing clauses (b)(i), (ii), (iii) and (iv) of this Section 2.4, prior to giving effect to any repayment of such indebtedness by Buyer at the Closing); plus

(v) the absolute value of Working Capital if such number is less than zero; plus

(vi) expenses of the Falcon Companies relating to the consummation of the transactions contemplated by this Agreement, including fees and expenses of attorneys, accountants, financial advisors and broker fees, if such fees and expenses are paid after the Closing Date and were not otherwise reflected as a Current Liability or Closing Net Liability in the computation of Aggregate Consideration or paid by the Sellers, but excluding any expenses that Buyer agrees to pay or is obligated to pay pursuant to this Agreement; plus

(vii) without limiting Falcon's obligations under Section 6.9, all amounts to be paid by Falcon or the Falcon Companies at or before the Closing pursuant to Section 6.9(b) if such amounts are not so paid on or prior to the Closing Date and are not otherwise reflected as a Current Liability or Closing Net Liability in the computation of Aggregate Consideration or paid by the Sellers; minus

(viii) one-half of the amount paid by Falcon at or before the Closing in respect of severance to the Headquarters Employees pursuant to Section 6.9(b), provided that the maximum adjustment pursuant to this clause (viii) shall be $4,500,000 and Buyer shall have no other obligation in respect of such payments other than the adjustment provided in this clause (viii); minus

(ix) Working Capital if such number is greater than zero; minus (x) the amount provided for in Section 6.1(c)(3) (Pending Acquisitions); minus

(xi) the $2,500,000 investment made by Falcon Community Cable, L.P. in the Bend, Oregon joint venture; minus

(xii) that portion of the capital expenditures provided for in Section 6.1(b)(7) (Capital Expenditures).

(1) Subject to the other provisions of this Section 2.4(b), "Working Capital" means Current Assets as of the Adjustment Time minus Current Liabilities as of the Adjustment Time.

(2) Subject to the other provisions of this Section 2.4(b), "Current Assets" means the total current assets of the Falcon Companies as defined for purposes of GAAP, and prepayments in respect of performance bonds and long term rights of way with a maturity in excess of one year, computed for the Falcon Companies as of the Adjustment Time on a consolidated basis and without duplication in accordance with GAAP.

(3) Subject to the other provisions of this Section 2.4(b) and Section 3.12(a), "Current Liabilities" means the total current liabilities of the Falcon Companies as defined for purposes of GAAP, including vacation pay and sick pay, computed for the Falcon Companies as of the Adjustment Time on a consolidated basis and without duplication in accordance with GAAP; provided, however, that notwithstanding GAAP, or anything to the contrary in this Agreement, Current Liabilities shall not include and no adjustment to the Aggregate Consideration shall be made in respect of: (A) any amount payable in respect of or pursuant to the Debt Documents or any indebtedness for borrowed money referred to in clause (b)(iv) above; (B) any prepayment penalty or premium, breakage costs, change of control penalty or premium or other payment arising out of or resulting from the consummation of the transactions contemplated by this Agreement, including the termination of any Contract, under or pursuant to the Debt Documents or any other Contract or other obligation to which any of the Falcon Companies is a party or by which it may be bound, including any swap or interest rate hedge Contract; (C) any Taxes to be paid by the Buyer pursuant to Section 6.10; (D) any amounts paid or to be paid by Falcon or the Falcon Companies in respect of severance to the Headquarters Employees pursuant to the provisions of Section 6.9 hereof except as provided in the preceding provisions of this Section 2.4(b); and (E) any liability that is otherwise included in Closing Net Liabilities.

(c) Right of First Refusal Sale. If prior to the Closing hereunder any Franchising Authority notifies any Falcon Company or Buyer in writing of such Franchising Authority's intent to purchase the assets of any System (or portion thereof) that serves the Franchise Area covered by the Franchise granted by such Franchising Authority pursuant to any right of first refusal or similar right in such Franchise that is triggered by the consummation of the purchase and sale of the Purchased Interests and contribution of the Contributed Interest, and the Franchising Authority does not rescind such notice prior to the Closing, then (1) at the Closing the amount of the Aggregate Consideration shall be reduced by an amount equal to the product of (A) the number of Closing Equivalent Subscribers represented by the Subscribers served in such Franchise Area (determined as if the effective time of the consummation of the respective sale of such system to the Franchising Authority were the Adjustment Time hereunder) multiplied by (B) $3,516, and the target number of 979,700 Closing Equivalent Subscribers referred to in Section 2.4(a) shall be reduced by the number of Closing Equivalent Subscribers referred to in clause (A) above; (2) upon consummation of such purchase by the Franchising Authority prior to the date the Aggregate Consideration is finally determined pursuant to Section 2.6(a), Buyer shall promptly remit (or cause the Falcon

Companies to remit) to Sellers the aggregate amount of sale proceeds received by Buyer or the Falcon Companies; and (3) if the Aggregate Consideration is finally determined pursuant to Section 2.6(a) prior to the consummation of such purchase by the Franchising Authority, Buyer shall pay to the Sellers in cash the amount by which the Aggregate Consideration was reduced pursuant to clause (1) above within three business days after the date on which the amount of the Aggregate Consideration is finally determined.

2.5 Payments at Closing.

(a) No later than ten (10) days prior to the date scheduled for the Closing, Falcon shall prepare and deliver to Buyer a written report (the "Preliminary Closing Statement") setting forth Falcon's estimates of Closing Net Liabilities, Closing Equivalent Subscribers, and the Aggregate Consideration, determined in accordance with Section 2.4. The Preliminary Closing Statement shall be prepared by Falcon in good faith and shall be certified by Falcon to be its good faith estimate of the Closing Net Liabilities, Closing Equivalent Subscribers and the Aggregate Consideration as of the date thereof. Falcon shall make available to Buyer such information as Buyer shall reasonably request relating to the matters set forth in the Preliminary Closing Statement. If Buyer does not agree with the Closing Net Liabilities, Closing Equivalent Subscribers or Aggregate Consideration set forth in the Preliminary Closing Statement, then on or prior to the third (3rd) day prior to the date scheduled for the Closing, Buyer may deliver to Falcon a written report (the "Preliminary Dispute Notice") setting forth in reasonable detail Buyer's good faith estimates (supported by substantial evidence) of any amount set forth in the Preliminary Closing Statement with which Buyer disagrees. In the case of any such estimated amount set forth in the Preliminary Dispute Notice, Falcon and Buyer shall endeavor in good faith to agree prior to the Closing on the appropriate amount of such estimates to be used in calculating the Closing Payment (as defined below). If Falcon and Buyer do not agree on any such amounts by the business day prior to the date scheduled for the Closing, Falcon, at its election, may either:

(1) Elect to postpone the Closing and retain Price Waterhouse Coopers (Los Angeles, California office) (the "Referee") to make a determination as to the appropriate treatment for purposes of agreeing on estimates to be made at Closing of any amounts under dispute and the Closing shall thereafter take place on the third business day following resolution of such dispute, subject to satisfaction or waiver of all applicable conditions precedent. The Referee shall endeavor to resolve the dispute as promptly as practicable and the Referee's resolution of the dispute shall be final and binding on the parties for purposes of the estimates to be made at Closing; provided, however, that in no event shall such resolution result in (i) amounts less than the amounts therefor (in the case of liabilities) or greater than the amounts therefor (in the case of assets) set forth in the Preliminary Closing Statement or (ii) amounts greater than the amounts therefor (in the case of liabilities) or less than the amounts therefor (in the case of assets) set forth in the Preliminary Dispute Notice. The costs and expenses of the Referee and its services rendered pursuant to this Section 2.5 shall be borne one-half by Buyer and one-half by Sellers; or

(2) Elect to proceed to Closing and cause Buyer, at the Closing, to deposit an amount in cash equal to the difference (the "Adjustment Escrow Amount") between the Aggregate Consideration, adjusted pursuant to Section 2.4(a) and (b) that would be calculated using the estimates set forth in the Preliminary Closing Statement (with any changes thereto mutually agreed to by Buyer and Falcon) and the Aggregate Consideration adjusted pursuant to Section 2.4(a) and (b) that would be calculated using the estimates set forth in the Preliminary Dispute Notice (with any changes thereto mutually agreed to by Buyer and Falcon), to the Adjustment Escrow Agent, to be held and disbursed in accordance with the terms of the Adjustment Escrow Agreement and Section 2.6.

(b) At Closing, Buyer shall pay cash and FHGLP shall receive the Equity Consideration as follows:

(1) if Falcon has made the election in Section 2.5(a)(2) above, Buyer shall pay cash to the Adjustment Escrow Agent in an amount equal to the Adjustment Escrow Amount, such cash to be held by the Adjustment Escrow Agent in escrow on behalf of the parties in accordance with the terms of the Adjustment Escrow Agreement and Section 2.6;

(2) Buyer shall pay cash to the Sellers in an aggregate amount equal to the excess of (i) the amount of the Aggregate Consideration pursuant to Section 2.4(a) and (b), as determined pursuant to this Section 2.5 (including as determined pursuant to Section 2.5(a) and as mutually agreed by Buyer and Falcon) over (ii) the sum of (x) the amount of the Equity Value (as set forth in Part IV of the Allocation Notice), and (y) the aggregate amount paid under clause (1), if applicable, to the Adjustment Escrow Agent; and

(3) FHGLP shall contribute the Contributed Interest to Charter LLC in exchange for the Equity Consideration.

The sum of the cash paid to Sellers pursuant to clause (2) above and the Equity Value represented by the Equity Consideration received by FHGLP pursuant to clause (3) above is referred to as the "Net Closing Payment" and the sum of the Net Closing Payment and the Adjustment Escrow Amount is referred to as the "Closing Payment."

(c) None of the Adjustment Escrow Amount will be available for any purpose, other than as described in Section 2.6(b), and the Adjustment Escrow Amount shall not be available to satisfy any other obligations of Sellers under this Agreement or otherwise.

2.6 Post-Closing Payment of Aggregate Consideration Adjustments.

(a) Final Closing Statement. Within ninety (90) days after the Closing Date, Buyer shall prepare and deliver to FHGLP a written report (the "Final Closing Statement") setting forth Buyer's final estimates of Closing Net Liabilities, Closing Equivalent Subscribers and the Aggregate Consideration, determined in accordance with Section 2.4. The Final Closing Statement shall be prepared by Buyer in good faith and shall be certified by Buyer to be, as of the date prepared, its good faith estimate of the Closing Net Liabilities, Closing Equivalent Subscribers and Aggregate Consideration. Buyer shall allow FHGLP and its agents access at all reasonable times after the Closing Date to copies of the books, records and accounts of the Falcon Companies and make available to FHGLP such information as FHGLP reasonably requests to allow FHGLP to examine the accuracy of the Final Closing Statement. Within thirty (30) days after the date that the Final Closing Statement is delivered by Buyer to FHGLP, FHGLP shall complete its examination thereof and may deliver to Buyer a written report setting forth any proposed adjustments to any amounts set forth in the Final Closing Statement; provided, however, that if Buyer does not comply with its obligations pursuant to the preceding sentence, such thirty (30) day period shall run from the day after the date on which Buyer complies with such obligations. After submission of the Final Closing Statement, Buyer shall have no right to raise further adjustments in its favor and after submission of FHGLP's report of any proposed adjustments, FHGLP shall have no right to raise further adjustments in Sellers' favor. If FHGLP notifies Buyer of its acceptance of the amounts set forth in the Final Closing Statement, or if FHGLP fails to deliver its report of any proposed adjustments within the period specified in the second preceding sentence, the amounts set forth in the Final Closing Statement shall be conclusive, final and binding on the parties as of the last day of such period. Buyer and FHGLP shall use good faith efforts to resolve any dispute involving the amounts set forth in the Final Closing Statement. If FHGLP and Buyer fail to agree on any amount set forth in the Final Closing Statement within fifteen (15) days after Buyer receives FHGLP's report pursuant to this Section 2.6, then FHGLP shall retain the Referee to make the final determination, under the terms of this Agreement, of any amounts under dispute. The Referee shall endeavor to resolve the dispute as promptly as practicable and the Referee's resolution of the dispute shall be final and binding on the parties, and a judgment may be entered thereon in any court of competent jurisdiction; provided that in no event shall such resolution result in (i) amounts less than the amounts therefor (in the case of liabilities) or more than the amounts therefor (in the case of assets) set forth in FHGLP's written report pursuant to this Section 2.6(a) or (ii) amounts greater than the amounts therefor (in the case of liabilities) or less than the amounts therefor (in the case of assets) set forth in the Final Closing Statement. The costs and expenses of the Referee and its services rendered pursuant to this Section 2.6 shall be borne one-half by Buyer and one-half by Sellers.

(b) Payment of Aggregate Consideration Adjustments.

(1) After the amount of the Aggregate Consideration is finally determined pursuant to Section 2.6(a), payments shall be made as follows:

(A) If the amount of the Aggregate Consideration as finally determined pursuant to Section 2.6(a) exceeds the Closing Payment, then within three business days after the date the amount of Aggregate Consideration is finally determined pursuant to Section 2.6(a), (i) Buyer will pay to Sellers in cash the amount of such excess by wire or accounts transfer of immediately available funds to an account or accounts designated by FHGLP by written notice to Buyer and (ii) Buyer and FHGLP will direct the Adjustment Escrow Agent to pay to Sellers in cash the Adjustment Escrow Amount, if any, to an account or accounts designated by FHGLP by written notice to the Adjustment Escrow Agent.

(B) If the amount of the Closing Payment exceeds the amount of the Aggregate Consideration as finally determined pursuant to Section 2.6(a), then within three business days after the date on which the amount of the Aggregate Consideration is finally determined pursuant to Section 2.6(a), (i) FHGLP will direct the Adjustment Escrow Agent to pay to Buyer in cash the amount of such excess to the extent of the Adjustment Escrow Amount, if any, and (ii) if such excess is greater than the amount paid to Buyer from the Adjustment Escrow Amount, Sellers will pay to Buyer in cash the amount of such excess to the extent not paid from the Adjustment Escrow Amount, by wire or accounts transfer of immediately available funds to an account designated by Buyer by written notice to FHGLP. If any portion of the Adjustment Escrow Amount, if any, remains after payment to Buyer of any amounts pursuant to the preceding sentence, Buyer and FHGLP will direct the Adjustment Escrow Agent to promptly pay such amounts to Sellers in accordance with the percentage interests set forth in Part VI of the Allocation Notice.

(2) Any amount which becomes payable pursuant to this Section 2.6 will constitute an adjustment to the Purchase Consideration for all purposes.

SECTION 3: REPRESENTATIONS AND WARRANTIES OF FALCON

Subject to any provisions of this Agreement limiting, qualifying or excluding any of the representations or warranties made herein, and to the disclosures set forth in Falcon's Disclosure Schedules, as such schedules are referenced herein, Falcon hereby represents and warrants to Buyer as set forth in this Section 3.

3.1 Organization and Authority. Each of the Falcon Companies was duly formed and is validly existing and in good standing under the laws of the state of its organization or formation. Each of the Falcon Companies has the requisite partnership, limited liability company or corporate (as the case may be) power and authority to own, lease and operate its properties, to carry on its business in the places where such properties are now owned, leased or operated and in the manner in which such business is now conducted, and, in the case of Falcon, to execute, deliver and perform this Agreement and the other Transaction Documents to which it is a party according to their respective terms.

3.2 Authorization and Binding Obligation. The execution, delivery and performance by Falcon of this Agreement and the other Transaction Documents to which it is a party have been duly authorized by all necessary partnership action on its part. This Agreement and the other Transaction Documents to which Falcon is a party has been duly executed and delivered by Falcon (or in the case of Transaction Documents to be executed and delivered at Closing, when executed and delivered will be duly executed and delivered) and constitute (or, in the case of Transaction Documents to be executed and delivered at Closing, when executed and delivered will constitute) the legal, valid, and binding obligation of Falcon in accordance with their terms, except as the enforceability of this Agreement and such other Transaction Documents may be limited by Enforceability Exceptions.

3.3 Organization and Ownership of Falcon Companies.

(a) Schedule 3.3 sets forth the name of each Falcon Company, including the jurisdiction of incorporation or formation (as the case may be) of each. Each Falcon Company is duly qualified, validly existing and in good standing as a foreign corporation, partnership or limited liability company, as the case may be, in each jurisdiction listed in Schedule 3.3, which are all jurisdictions in which such qualification is required. Except as disclosed in Schedule 3.3, no Falcon Company, directly or indirectly, owns, of record or beneficially, any outstanding securities or other interest in any Person (each such Person described in Schedule 3.3 other than a company listed on Schedule 1.1(a), an "Investment Person") or has the right or obligation to acquire, any Equity Interests, outstanding securities or other interest in any Person. Except as set forth in Schedule 3.3, the owner of the Equity Interests of each Investment Person owns such Equity Interests free and clear of all Encumbrances, but subject to the Legal Restrictions (except that no representation is made in this Section 3 as to the Purchased Interests held by Sellers).

(b) Schedule 3.3 sets forth the record and beneficial owner of each issued and outstanding Equity Interest of each of the Falcon Companies, and the ownership chart of Falcon and the other Falcon Companies included in Schedule 3.3 is true and correct in all material respects. Upon the Closing, Buyer will acquire, directly or indirectly, beneficial ownership of all of the issued and outstanding Equity Interests of all of the Falcon Companies, free and clear of all Encumbrances and options to purchase, other than the pledges disclosed in Schedule 3.3 and Encumbrances created by the Buyer and subject to the Legal Restrictions. All of such issued and outstanding Equity Interests of the Falcon Companies have been validly issued, are fully paid and non-assessable and have not been issued in violation of any federal or state securities laws. Except as set forth in Schedule 3.3, the owner of the Equity Interests of each Falcon Company owns such Equity Interests free and clear of all Encumbrances and options to purchase, but subject to the Legal Restrictions (except that no representation is made in this Section 3 as to the Purchased Interests held by Sellers). Except as disclosed in Schedule 3.3, there are no (1) outstanding securities, options, warrants, calls, rights, commitments, agreements, arrangements or undertakings or (2) outstanding stock appreciation, phantom equity or similar rights of any kind to which any Falcon Company is a party or by which any of them is bound obligating such Falcon Company to issue, deliver or sell, or cause to be issued, delivered or sold, any additional Equity Interests of such Falcon Company or obligating such Falcon Company to issue, grant, extend or enter into any such security, option, warrant, call, right, commitment, agreement, arrangement or undertaking. The Falcon Companies have delivered to Buyer complete and correct copies of the Organizational Documents of each Falcon Company as in effect on the date hereof.

3.4 Absence of Conflicting Agreements; Consents. Except for the expiration or termination of any applicable waiting period under the HSR Act, or as set forth in Schedule 3.4 or Schedule 3.8 or as would not impair the ability of Falcon to perform its obligations under the Transaction Documents to which it is a party, the execution, delivery and performance by Falcon and Sellers of this Agreement and the other Transaction Documents to which they are a party (with or without the giving of notice, the lapse of time, or both): (a) do not require any Consent of, declaration to , notice to, or filing with any Governmental Authority or any other Person under any Franchise, FCC License or Material Contract; (b) will not conflict with any provision of the Organizational Documents of any Falcon Company, each as currently in effect; (c) assuming receipt of all Consents listed in Schedule 3.4 or Schedule 3.8, will not conflict with, in any material way, result in a material breach of, or constitute a material default under any Legal Requirement to which any Falcon Company is bound; (d) assuming receipt of all Consents listed in Schedule 3.4 or Schedule 3.8, will not conflict with, constitute grounds for termination of, result in a breach of, constitute a default under, or accelerate or permit the acceleration of any performance required by the terms of any Franchise, FCC License, or Material Contract; and (e) assuming receipt of all Consents, will not result in the creation of any Encumbrance upon the Assets or the Purchased Interests. Notwithstanding the foregoing, Falcon makes no representation or warranty regarding any of the foregoing that may result from the specific legal or regulatory status of Buyer or its Affiliates or as a result of any other facts that specifically relate to the business or activities in which Buyer or its Affiliates is or proposes to be engaged other than the cable television business.

3.5 Financial Statements.

(a) Falcon has delivered to Buyer true and complete copies of the audited consolidated financial statements of Falcon (including the notes thereto) for the year ended December 31, 1998 and the unaudited consolidated financial statements of Falcon for the three months ended March 31, 1999 (collectively, the "Falcon Financial Statements").

(b) The Falcon Financial Statements: (1) have been prepared from the books and records of the Falcon Companies to which they relate; (2) have been prepared in accordance with GAAP consistently applied (except as indicated in the notes thereto and except, in the case of the unaudited Falcon Financial Statements, for the omission of footnotes and changes resulting from customary and recurring year-end adjustments); and (3) subject to the addition of footnotes and changes resulting from customary and recurring year-end adjustments in the case of the unaudited Falcon Financial Statements which in the aggregate are not expected to be material, present fairly in all material respects the financial condition of the Falcon Companies to which they relate as at December 31, 1998, or March 31, 1999, as the case may be, and the results of operations for the period then ended.

3.6 Absence of Undisclosed Liabilities.

(a) None of the Falcon Companies has 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 of the Falcon Companies included in the Falcon Financial Statements, other than indebtedness, liabilities and obligations that were incurred in the ordinary course of business after December 31, 1998, or that would not, in the aggregate, reasonably be expected to be material in accordance with GAAP.

(b) As of the date hereof, except as provided in or arising pursuant to the loan or credit agreements, notes, bonds, indentures and other agreements and instruments listed in Schedule 3.6, or under certain of the property leases listed in Schedule 3.8, the Falcon Companies have no Indebtedness.

3.7 Absence of Certain Changes. Between December 31, 1998 and the date of this Agreement, except as disclosed in Schedule 3.7 and except for matters occurring after the date hereof that are permitted by the provisions of this Agreement or consented to by Buyer, no Falcon Company has:

(a) made any sale, assignment, lease or other transfer of assets other than in the ordinary course of business;

(b) issued any note, bond or other debt security or created, incurred, assumed or guaranteed any Indebtedness;

(c) made or promised any material increase in the salary or other compensation payable or to become payable to any executive officer or other employee of any Falcon Company other than in the ordinary course of business or as contemplated under any employment or bonus arrangement currently in effect;

(d) entered into any transaction, other than transactions entered into in the ordinary course of business, which would be required to be presented in the audited financial statements of the Falcon Companies and the notes thereto prepared in conformity with GAAP, applied in a manner consistent with the past practices of the Falcon Companies relating to the preparation of audited financial statements of the Falcon Companies;

(e) amended or terminated any Material Contract, or any material License, agreement or understanding to which any Falcon Company is a party, except in the ordinary course of business;

(f) waived or released any material right or claim relating to any Falcon Company or the Systems except in the ordinary course of business; provided, however, that all material rights or claims related to any Falcon Company or the Systems waived or released between December 31, 1998 and the date of this Agreement are set forth on Schedule 3.7; or

(g) entered into an agreement to do any of the things described in the preceding clauses (a) through (f).

3.8 Franchises, Licenses, Material Contracts. Schedule 3.8 contains a list of the Franchises (including the Franchising Authority which granted each Franchise and the stated expiration date of each Franchise), the System to which the Franchise applies, FCC Licenses and Material Contracts in effect on the date hereof, each pending application for a Franchise and a list of any System or portion thereof owned or operated by the Falcon Company which does not require a Franchise authorizing the installation, construction, development, ownership or operation of the same in such Franchise Area; which list is true, correct and complete. Except as set forth on Schedule 3.8, the Falcon Companies possess all Franchises and FCC Licenses necessary to operate their business as currently conducted. Without material exception, except as set forth on Schedule 3.8, the Falcon Companies possess all other Licenses necessary to operate their business as currently conducted. Falcon has delivered or made available to Buyer true and complete copies of all Franchises, FCC Licenses and Material Contracts as in effect on the date hereof. Except as set forth on Schedule 3.8, the Franchises, FCC Licenses and Material Contracts are in full force and effect (subject to Franchises which have already expired and expiration at the end of their current term, which expired Franchises are identified on Schedule 3.8, together with the approximate number of Subscribers served in the Franchise Areas related to such Franchises) and, subject to such expiration, are valid, binding and enforceable upon the Falcon Company that is a party thereto and, to Falcon's Knowledge, the other parties thereto in accordance with their terms, except to the extent such enforceability may be affected by Enforceability Exceptions. Except as disclosed in Schedule 3.8, the Falcon Companies are in compliance with the terms of the Franchises, FCC Licenses and Material Contracts, except for such noncompliance which in the aggregate is immaterial to the Falcon Companies, taken as a whole, or would not prevent the operation of the business of the Falcon Companies as currently conducted, and, as of the date of this Agreement, none of the Falcon Companies has received any written notice from a Franchising Authority, a consultant representing a Franchising Authority, any state cable regulatory authority or the FCC to the effect that any of the Falcon Companies are not currently in compliance with the terms of the Franchise granted by such Franchising Authority or with any FCC License. Except as set forth in Schedule 3.8, a valid request for renewal has been timely filed under Section 626(a) of the Cable Act with the proper Franchising Authority with respect to each Franchise that has expired prior to, or will expire within thirty months after, the date of this Agreement.

3.9 Title to and Condition of Real Property and Tangible Personal Property. Schedule 3.9 will, when delivered to Buyer no later than 60 days after the execution of this Agreement, list the street address for all Real Property owned in fee by any of the Falcon Companies as of the date of this Agreement (excluding easements, rights-of-way, and similar authorizations) (the "Fee Properties"). A true and correct copy of (i) each deed pursuant to which any of the Falcon Companies acquired any Fee Property, any survey and title insurance policies issued to such Falcon Company, (ii) any leases under which any Falcon Company is the lessor affecting such Fee Property or (iii) any other easements, rights-of-way, covenants, conditions and restrictions, document or agreement affecting title to such Fee Property (and, in the case of this clause (iii), in the possession of the Falcon Companies) will have been delivered or made available to Buyer within 60 days after the execution of this Agreement (or, in the case of deeds, will be made available or delivered to

Buyer prior to Closing). Schedule 3.9 will, when delivered to Buyer within 60 days after the execution of this Agreement, list the street address for the material Real Property sites leased by any of the Falcon Companies, as lessee, as of the date of this Agreement and will set forth the parties to the applicable lease and any amendments, supplements or modifications thereto. Except as disclosed in Schedule 3.9: (a) the Falcon Company that owns a fee estate in a Real Property parcel has good and marketable title thereto; (b) the Falcon Company that owns any material item of Tangible Personal Property has good and valid title thereto; (c) the Falcon Company that leases any material Real Property site has a valid leasehold interest therein (subject to expiration of such lease in accordance with its terms), except to the extent that the failure to have any such valid leasehold interests would not impair the operation of the Systems in any material respect; and (d) the Falcon Company that leases any material item of Tangible Personal Property has a valid leasehold interest therein (subject to expiration of such lease in accordance with its terms), in each case of (a), (b), (c) and (d) above, free and clear of all Encumbrances, other than Permitted Encumbrances and subject to the Legal Restrictions. Except as disclosed on Schedule 3.9, the Falcon Companies own, lease or otherwise have rights to use all real property (excluding easements, rights-of-way and similar authorizations) and tangible personal property necessary to operate the Systems as presently operated by the Falcon Companies in all material respects. Notwithstanding the express language of this Section 3.9 or as may otherwise be provided in this Agreement, no representation or warranty is being made as to title to the internal wiring, house drops and unrecorded dwelling-unit easements, rights of entry or rights-of-way held or used by the Falcon Companies.

3.10 Intangibles. Schedule 3.10 contains a true and correct description and list of the Intangibles (exclusive of those required to be listed in Schedule 3.8), that are owned or leased by any of the Falcon Companies and that are necessary for the conduct of the business or operations of the Systems as currently conducted. Except as to potential copyright liability arising from the performance, exhibition or carriage of any music on the Systems or as disclosed in Schedule 3.10, no Falcon Company is infringing upon any trademarks, trade names, copyrights or similar intellectual property rights of others.

3.11 Information Regarding the Systems.

(a) Subscribers. Schedule 3.11 sets forth the approximate number of Equivalent Subscribers as of the date indicated therein (including the approximate number of Equivalent Subscribers served by each headend) and sets forth a true, complete and correct statement of all Subscribers' rates, tariffs and other charges for cable television and other services provided by any Falcon Company, and a list of all free, discount or other promotional service obligations (other than those obligations which are regularly offered or arise in the ordinary course of the business and operations of the Falcon Companies and free accounts offered to lessors under Real Property leases) of any Falcon Company, with respect to the Systems as of the date of this Agreement. The Falcon Companies' billing records are prepared by Cable Services Group, Inc. in accordance with its customary practices.

(b) Certain Systems Information. Schedule 3.11 sets forth the approximate number of plant miles (aerial and underground) for each headend, the approximate bandwidth capability of each headend, the channel lineup for each headend, and the monthly rates charged for each class of service offered by each headend, the stations and signals carried by each headend and the channel position of each such signal and station, which information is true and correct in all material respects, in each case as of the applicable dates specified therein and subject to any qualifications set forth therein. Except as described in Schedule 3.11, each of the respective channel lineups set forth in Schedule 3.11 is capable of being viewed in its entirety by each Subscriber in the applicable System (subject to ordinary course service interruptions).

(c) Franchise and FCC Matters. Except as set forth in Schedule 3.11, all reports or other documents, payments or submissions required to be filed by any of the Falcon Companies with any of the Franchising Authorities or the FCC have been duly filed and were correct in all material respects when filed. Except as set forth in Schedule 3.11, the Falcon Companies are permitted under all applicable Franchises and FCC Regulations to distribute the television broadcast signals distributed by the Systems and to utilize all carrier frequencies generated by the operations of the Systems, and are licensed to operate in all material respects all the facilities of the Systems required by Legal Requirements to be licensed.

(d) Request for Signal Carriage. Except for nonduplication and blackout notices received in the ordinary course of business, none of the Falcon Companies has received any FCC order requiring any System to carry a television broadcast signal or to terminate carriage of a television broadcast signal with which it has not complied, and, except as disclosed in Schedule 3.11, the Falcon Companies have complied in all material respects with all written and bona fide requests or demands received from television broadcast stations to carry or to terminate carriage of a television broadcast signal on a System.

(e) Rate Regulatory Matters. Schedule 3.11 sets forth a list of all Governmental Authorities that are certified to regulate rates of the Systems pursuant to the Cable Act and FCC Regulations as of the date of this Agreement. Except as disclosed in Schedule 3.11, no pending rate complaints have been filed with the FCC against the Systems. Except as disclosed in Schedule 3.11, as of the date of this Agreement, none of the Falcon Companies has received any written notice and, to Falcon's Knowledge, any notice (other than written notice) from any Governmental Authority that it has any obligation or liability to refund to subscribers of the Systems any portion of the revenue received by such Falcon Company from subscribers of the Systems (excluding revenue with respect to deposits for converters, encoders, decoders and related equipment and other prepaid items) that has not been resolved.

(f) Insurance. The Systems and Assets are insured against claims, loss or damage in amounts generally customary in the cable television industry and consistent with the Falcon Companies' past practices. All such policies are with financially sound insurers and are each outstanding and in full force and effect on the date hereof. Except as set forth on Schedule 3.11, as of the date hereof, within the past two (2) years no insurance carrier has denied any claim for insurance made by any Falcon Company in respect of any of the Systems and Assets or refused to renew any policy issued in respect of any of the Systems and Assets.

(g) Right of First Refusal. No Person (excluding Governmental Authorities) has any right to acquire any interest in any of the Systems (including any right of first refusal or similar right). Except as will be disclosed in Schedule 3.11 (which will be delivered to Buyer within 30 days after the execution of this Agreement), no Governmental Authority has any right to acquire any interest in any of the Systems (including any right of first refusal or similar right), other than rights of condemnation or eminent domain afforded by law or upon the termination of or default under any Franchise.

3.12 Taxes.

(a) Without material exception, the Falcon Companies have filed or have caused to be filed in a timely manner all required Tax Returns with the appropriate Governmental Authorities in all jurisdictions in which such Tax Returns are required to be filed by the Falcon Companies (except Tax Returns for which the filing date has not expired or has been extended and such extension period has not expired). All Taxes shown on any Tax Returns required to be filed by the Falcon Companies (other than sales, use and property Taxes in an aggregate amount not to exceed $350,000) have been properly accrued or paid to the extent such Taxes have become due and payable. Schedule 3.12 lists all jurisdictions where material Tax Returns are required to be filed with respect to the Falcon Companies. Falcon has delivered or made available to Buyer true, correct and complete copies of such Tax Returns (in the form filed) for fiscal years ending after December 31, 1992. The Falcon Financial Statements reflect an adequate reserve in accordance with GAAP (without regard to any amounts reserved for deferred taxes) for all material unpaid Taxes payable by the Falcon Companies for all Tax periods and portions thereof through the date of such Financial Statements. All material unpaid Taxes of the Falcon Companies (other than (i) any Taxes referred to in Section 6.10(d) and (ii) Taxes attributable to Buyer's actions on the Closing Date that are not in the ordinary course of business) for all Pre-Closing Tax Periods shall be included as Current Liabilities in the computation of Closing Net Liabilities to the extent that such unpaid Taxes are not reflected on the Falcon Financial Statements. There are no material Tax liens on any assets of the Falcon Companies, other than liens for current Taxes not yet due and payable and liens for Taxes that are being contested in good faith by appropriate proceedings and are disclosed on Schedule 3.12.

(b) Except as disclosed in Schedule 3.12,

(1) none of the Falcon Companies has executed any waiver or extension of any statute of limitations on the assessment or collection of any Tax or with respect to any liability arising therefrom;

(2) none of the federal, state or local income Tax Returns filed by the Falcon Companies with respect to fiscal years ending after December 31, 1992 have been audited by any taxing authority;

(3) neither the Internal Revenue Service nor any other taxing authority has asserted, or to Falcon's Knowledge, threatened to assert any deficiency or claim for additional Taxes (other than sales, use and property Taxes in an aggregate amount not to exceed $350,000) against, or any adjustment of Taxes (other than sales, use and property Taxes in an aggregate amount not to exceed $350,000) relating to, any of the Falcon Companies and, to Falcon's Knowledge, no basis exists for any such deficiency, claim or adjustment;

(4) there are no proposed reassessments of any property owned by any of the Falcon Companies that would affect the Taxes of any of the Falcon Companies;

(5) none of the Falcon Companies has any liability for the Taxes of any person (other than any Falcon Company) pursuant to Section 1.1502-6 of the Treasury Regulations promulgated under the Code or comparable provisions of any taxing authority in respect of a consolidated, combined or unitary Tax Return;

(6) none of the Falcon Companies was included or is includible in any consolidated, combined or unitary Tax Return with any entity;

(7) no consent under Section 341(f) of the Code has been filed with respect to any of the Falcon Companies;

(8) each of the Falcon Companies has had since its inception and will continue to have through the Closing Date the federal tax status (i.e. partnership or C corporation) such entity reported on its 1997 federal Tax Returns except as results from any actions taken pursuant to this Agreement;

(9) none of the Falcon Companies has been at any time a member of any partnership, joint venture or other arrangement or contract which is treated as a partnership for federal, state, local or foreign tax purposes (a "Tax Partnership") or the holder of a beneficial interest in any trust for any period for which the statute of limitations for any Tax has not expired, except for a Tax Partnership which is a Falcon Company;

(10) there are no tax sharing agreements or similar arrangements with respect to or involving any of the Falcon Companies;

(11) none of the Falcon Companies has any (a) income reportable for a period ending after the Closing Date but attributable to a transaction (e.g., an installment sale) occurring in or a change in accounting method made for a period ending on or prior to the Closing Date which resulted in a deferred reporting of income from such transaction or from such change in accounting method (other than a deferred intercompany transaction), or (b) deferred gain or loss arising out of any deferred intercompany transaction;

(12) each Falcon Company that is a Tax Partnership has a valid section 754 election in effect; and

(13) None of the Falcon Companies has entered into any compensatory agreements with respect to the performance of services which payment thereunder would result in a non-deductible expense to any Falcon Company pursuant to Section 280G of the Code or an excise Tax to the recipient of such payment pursuant to Section 4999 of the Code.

3.13 Employee Plans.

(a) Employee Plans. Schedule 3.13 contains a list of all Employee Plans and material Compensation Arrangements. The Falcon Companies have delivered or made available to Buyer (or, in accordance with Section 6.1(b), will deliver or make available to Buyer following execution of this Agreement) true, complete and correct copies of each Employee Plan and each Compensation Arrangement, if any, together with any other material documents relating to such Employee Plan or Compensation Arrangement, including, without limitation, any governmental filings, all annual reports together with any schedules or attachments thereto, each auditor's report, if any, and all other material documents relating to such Employee Plan or Compensation Arrangement. Except as disclosed in Schedule 3.13, none of the Falcon Companies or any of their ERISA Affiliates is or has been required to contribute to any "multiemployer plan," as defined in ERISA Section 3(37), nor has any Falcon Company or any such ERISA Affiliate experienced a complete or partial withdrawal, within the meaning of ERISA Section 4203 or 4205, from such a "multiemployer plan." Except as disclosed on Schedule 3.13 or as required under Code Section 4980B or ERISA Sections 601-609, no Employee Plan provides health, life insurance or medical coverage to former employees of the Falcon Companies.

(b) Qualified Plans. Except as disclosed in Schedule 3.13, with respect to each Employee Plan, and after taking into consideration the effect of the payments to be made with respect to the Employee Plans: (1) each such Employee Plan that is intended to be tax-qualified is the subject of a favorable determination letter, and no such determination letter has been revoked, and to the best of Falcon's Knowledge, no revocation has been threatened, no event has occurred and no circumstances exist that would adversely affect the tax-qualification of such Employee Plan; (2) no Employee Plan is , or within the past six years has been, subject to Section 302 or Title IV of ERISA or Section 412 of the Code; (3) no non-exempt prohibited transaction, within the definition of Section 4975 of the Code or Title 1, Part 4 of ERISA, has occurred which would subject the Falcon Companies to any material liability; (4) there is no termination or partial termination, or requirement to provide security with respect to any Employee Plan; (5) the fair market value of the assets of any Employee Plan would equal or exceed the value of all liabilities and obligations of such Employee Plan if such plan were to terminate on the Closing Date; and (6) the transactions contemplated by this Agreement will not result in liability under ERISA to any Falcon Companies or Buyer, or any of their respective ERISA Affiliates, or any entitlement to any additional benefits or any acceleration of the time of payment or vesting of any benefits under any Employee Plan of any Falcon Company for any employee of any Falcon Company.

(c) Plan Administration. Each Employee Plan and each Compensation Arrangement has been operated and administered in all material respect in accordance with its terms and all applicable laws, including ERISA and the Code. No Falcon Company has received notice of any investigations by any governmental agency or other claims (except claims for benefits payable in the normal operation of any Employee Plan), suits or proceedings against or involving any Employee Plan or asserting any rights to or claims for benefits under any Employee Plan that could give rise to any material liability, and there are not any facts that could give rise to any material liability in the event of such investigation, claim, suit or proceeding.

(d) Welfare Plan Funding. The list of Employee Plans in Schedule 3.13 discloses whether each Plan that is an "employee welfare benefit plan" as defined in section 3(1) of ERISA is (i) unfunded, (ii) funded through a "welfare benefit fund," as such term is defined in section 419(e) of the Code, or other funding mechanism or (iii) insured.

(e) Employee Classification. Each of the Falcon Companies and their ERISA Affiliates have properly classified individuals providing services to any Falcon Company or any ERISA Affiliates as employees or non-employees except to the extent that a misclassification would not be material.

(f) Labor Unions. As of the date of this Agreement, other than as disclosed in Schedule 3.13, none of the Falcon Companies is party to or bound by any collective bargaining agreement. As of the date of this Agreement, other than as disclosed in Schedule 3.13, to Falcon's Knowledge, (1) none of the employees of the Falcon Companies is presently a member of any collective bargaining unit related to his or her employment and (2) no collective bargaining unit has filed a petition for representation of any of the employees of the Falcon Companies.

(g) Employment Contracts. The Falcon Companies do not have any employment agreements with any employee of the Falcon Companies.

3.14 Environmental Laws. Except as disclosed in Schedule 3.14: (a) the Falcon Companies' operations with respect to the Systems comply in all material respects with all applicable Environmental Laws as in effect on the Closing Date; and (b) none of the Falcon Companies has used the Real Property for the manufacture, transportation, treatment, storage or disposal of Hazardous Substances except for gasoline and diesel fuel and such use of Hazardous Substances (in cleaning fluids, solvents and other similar substances) customary in the construction, maintenance and operation of a cable television system and in amounts or under circumstances that would not reasonably be expected to give rise to material liability for remediation. Except as disclosed in Schedule 3.14, as of the date of this Agreement, no Environmental Claim has been filed or issued against the Falcon Companies and Falcon does not have Knowledge of any matter that would reasonably be expected to give rise to material liability for remediation. To Falcon's Knowledge, the Falcon Companies' operations with respect to the Systems have complied with all applicable Environmental Laws, except such non-compliance that would not reasonably be expected to have a Material Adverse Effect.

3.15 Claims and Litigation. Except as disclosed in Schedule 3.15, as of the date of this Agreement, there is no claim, legal action, arbitration or other legal, administrative or tax proceeding, order, decree, or judgment or complaint or, to Falcon's Knowledge, investigation, dispute or controversy reasonably likely to result in, or, to Falcon's Knowledge, any other reasonable basis for, litigation against or relating to the Falcon Companies (or any of their respective Affiliates, directors, officers, employees or agents related to the business or operations of any Falcon Companies) or the business or operations of any of the Systems (other than FCC and other proceedings generally affecting the cable television industry and not specific to the Falcon Companies and other than rate complaints or certifications filed by customers or Franchising Authorities), other than routine collection matters or ordinary course matters expected to be covered by insurance policies maintained by the Falcon Companies, subject to applicable deductibles.

3.16 Compliance With Laws. Except as disclosed in Schedule 3.16 and except for any such noncompliance as has been remedied, each of the Falcon Companies, the Systems and the Assets are in compliance in all material respects with all Legal Requirements (including, without limitation, (i) the Code, ERISA, the National Labor Relations Act, the Cable Act, FCC Regulations, and the Copyright Act and (ii) the FCC's Cumulative Leakage Index). Falcon has delivered or made available to Buyer complete and correct copies of all FCC forms relating to rate regulation filed by the Falcon Companies with any Governmental Authority with respect to the Systems and copies of all correspondence from or to the Falcon Companies with any Governmental Authority relating to rate regulation generally and any other Rate Regulatory Matter or specific rates charged to subscribers of the Systems, and any other documentation prepared by the Falcon Companies supporting an exemption from the rate regulation provisions of the Cable Act claimed by any Falcon Company with respect to any of the Systems. Falcon has made available to Buyer, to the extent in the possession of the Falcon Companies, copies of all FCC forms relating to rate regulation filed with any Governmental Authority with respect to the Systems by parties other than the Falcon Companies and copies of all correspondence from or to parties other than the Falcon Companies with any Governmental Authority relating to rate regulation generally and any other Rate Regulatory Matter or specific rates charged to subscribers of the Systems, and any other documentation supporting any exemption from the rate regulation provisions of the Cable Act claimed by the Systems by parties other than the Falcon Companies.

3.17 Transactions with Affiliates. Except to the extent disclosed in the Falcon Financial Statements and the notes thereto or Schedule 3.17, none of the Falcon Companies is involved in any business arrangement or business relationship or is a party to any agreement, contract, commitment or transaction with any Affiliate of any of the Falcon Companies (other than another Falcon Company), and no Affiliate of any of the Falcon Companies (other than another Falcon Company) owns any property or right, tangible or intangible, that is used in the business of the Falcon Companies (other than in its capacity as a direct or indirect equity or debt holder of the Falcon Companies).

3.18 Certain Fees. No finder, broker, agent, financial advisor or other intermediary has acted on behalf of any Falcon Company in connection with this Agreement, any Transaction Document or the transactions contemplated hereby or thereby, or is entitled to any payment in connection herewith or therewith which, in either case, would result in any obligation or liability to Buyer or any Falcon Company.

3.19 Inventory. Each Falcon Company has inventory, spare parts and materials relating to the Systems of the type and nature and maintained at a level consistent with past practice (the "Inventory"), and such Inventory will be sufficient to operate their respective businesses in the ordinary course for at least thirty (30) days after the Closing.

3.20 Overbuilds; Competition. Except as set forth in Schedule 3.20, as of the date of this Agreement, (i) no construction programs have been undertaken by any Governmental Authority or other Person or other active cable television, multichannel multipoint distribution system (as defined by the rules and regulations of FCC), or multipoint distribution system provider in any of the Franchise Areas and, to Falcon's Knowledge, without investigation but upon inquiry of its regional managers and as should reasonably be known to a reasonable cable television operator, no such construction programs are proposed or threatened to be undertaken; (ii) no franchise or other applications or requests of any Person to provide cable television service in the Franchise Areas have been filed more than two (2) weeks prior to the date hereof or, to Falcon's Knowledge (subject to the same limitation referred to in clause (i) above), have been filed less than two (2) weeks prior to the date hereof or are pending, threatened, or proposed; (iii) there is no other cable television or other video services provider within any of the Franchise Areas which is providing or, to Falcon's Knowledge (subject to the same limitation referred to in clause (i) above), has applied for a franchise to provide cable television services or other video services to any of the Franchise Areas in competition with any of the Falcon Companies; and (iv) none of the Falcon Companies has received any written notice that any other provider of cable television services or other existing or prospective video service provider intends to provide such cable television or other video service in competition with any Falcon Company. Notwithstanding the foregoing, it is understood that Falcon makes no representation or warranty in this Section 3.20 or this Agreement regarding competition or potential competition by satellite master antenna television systems or direct broadcast satellite systems. Except as set forth in Schedule 3.20, no Falcon Company is, nor is any Affiliate of any Falcon Company, a party to any agreement restricting the ability of any Falcon Company or Buyer to operate cable television systems or any other video programming distribution business within any of the Franchise Areas.

3.21 Disconnections. Schedule 3.21 sets forth (i) the approximate aggregate number of Subscribers which the Falcon Companies have disconnected from service during each of the months specified thereon and (ii) a general description of the Falcon Companies' policies relating to the disconnection of Subscribers from service.

3.22 Year 2000. Each Falcon Company has (i) initiated a review and assessment of all areas within its business that would reasonably be expected to be adversely affected by "Year 2000 Matters" (that is, the risk that computer applications used by such Falcon Company may be unable to recognize and perform properly date-sensitive functions involving certain dates prior to and any date after December 31, 1999), (ii) developed a plan (the "Year 2000 Plan") for addressing Year 2000 Matters on a timely basis, and (iii) to date, implemented the Year 2000 Plan.

3.23 Budgets. Schedule 3.23 sets forth true, correct and complete copies of the Falcon Companies' capital expenditure budgets for the period from June 1, 1999 to December 31, 1999 (the "Capital Expenditure Budget"); it being understood that the obligations of the parties with respect to capital expenditures is subject to Section 6.1(b)(7).

3.24 SEC Reports. The statements made by Falcon in the public documents previously filed by it with the SEC were true and correct in all material respects as of the date made in light of the circumstances in which they were made.

3.25 Foreign Corrupt Practices Act. No Falcon Company has, directly or indirectly, used any corporate funds for unlawful contributions, gifts, entertainment or other unlawful expenses relating to political activity, made any unlawful payment to foreign or domestic government officials or employees or to foreign or domestic political parties or campaigns from corporate funds, violated any provision of the Foreign Corrupt Practices Act of 1977, as amended, or made any bribe, rebate, payoff, influence payment, kickback or other similar unlawful payment.

3.26 Cure. For all purposes under this Agreement, the existence or occurrence of any events or circumstances which constitute or cause a breach of a representation or warranty of Falcon (as modified by Falcon's Disclosure Schedules) on the date such representation or warranty is made shall be deemed not to constitute a breach of such representation or warranty if such event or circumstance is cured on or prior to the Closing Date or the earlier termination of this Agreement.

SECTION 4: REPRESENTATIONS AND WARRANTIES OF SELLERS

Subject to any provisions of this Agreement limiting, qualifying or excluding any of the representations or warranties made herein, and to the disclosures set forth in Falcon's Disclosure Schedules, as such Schedules are referenced herein, each Seller severally represents and warrants to Buyer (with respect to such Seller and not with respect to any other Seller, and only FHGLP makes the representations and warranties in Sections 4.4(b) and 4.7) as set forth in this Section 4.

4.1 Organization. Such Seller is a corporation, partnership or limited liability company (as the case may be) duly organized, validly existing and in good standing under the laws of the state of its organization or formation.

4.2 Authorization and Binding Obligation. Such Seller has the requisite partnership, limited liability company or corporate (as the case may be) power and authority to execute, deliver and perform this Agreement and the other Transaction Documents to which it is a party according to their respective terms. The execution, delivery, and performance by such Seller of this Agreement and the other Transaction Documents to which such Seller is a party have been duly authorized by all necessary action on the part of such Seller. This Agreement and the other Transaction Documents to which such Seller is a party have been duly executed and delivered by such Seller (or, in the case of Transaction Documents to be executed and delivered at Closing, when executed and delivered will be duly executed and delivered) and constitute (or, in the case of Transaction Documents to be executed and delivered at Closing, when executed and delivered will constitute) the legal, valid, and binding obligation of such Seller enforceable against such Seller in accordance with their terms, except as the enforceability of this Agreement and such other Transaction Documents may be limited by Enforceability Exceptions.

4.3 Absence of Conflicting Agreements; Consents. Except for the expiration or termination of any applicable waiting period under the HSR Act, or as set forth in Schedule 4.3 or as would not impair the ability of such Seller to perform its obligations under this Agreement and the Transaction Documents to which it is a party, the execution, delivery and performance by Seller of this Agreement and the other Transaction Documents to which it is a party (with or without the giving of notice, the lapse of time, or both): (a) do not require any consent of, declaration to, notice to, or filing with any Governmental Authority or any other Person under any material agreement or instrument to which such Seller is bound; (b) will not conflict with any provision of the Organizational Documents of such Seller as currently in effect; (c) assuming receipt of all Consents, will not conflict in any material way with, result in any material breach of, or constitute a default in any material respect under any Legal Requirement to which such Seller is bound; (d) assuming receipt of all Consents, will not conflict with, constitute grounds for termination of, result in a breach of, constitute a default under, or accelerate or permit the acceleration of any performance required by the terms of any material agreement or instrument to which such Seller is bound; and (e) assuming receipt of all Consents, will not result in the creation of any Encumbrance, but subject to the Legal Restrictions, upon the Purchased Interests held by such Seller. Notwithstanding the foregoing, no Seller makes any representation or warranty regarding any of the foregoing that may result from the specific legal or regulatory status of Buyer or its Affiliates or as a result of any other facts that specifically relate to the business or activities in which any of Buyer or its Affiliates is or proposes to be engaged other than the cable television business.

4.4 Title to Purchased Interests.

(a) Such Seller holds all legal and beneficial rights to the Purchased Interests held by such Seller, free and clear of all Encumbrances and options to purchase, other than the pledges disclosed in Schedule 4.4 and subject to the Legal Restrictions, and upon the Closing Buyer will acquire legal and beneficial ownership of such Purchased Interests, free and clear of all Encumbrances and options to purchase, other than the pledges disclosed in Schedule 4.4 and subject to the Legal Restrictions and any Encumbrances created by Buyer.

(b) Except as disclosed in Schedule 4.4, Enstar does not, directly or indirectly, own, of record or beneficially, any outstanding securities or other interest in any Person or have the right or obligation to acquire, any Equity Interests, outstanding securities or other interest in any Person. Except as set forth in Schedule 4.4, Enstar owns such Equity Interests free and clear of all Encumbrances, but subject to the Legal Restrictions.

4.5 Claims and Litigation. Except as disclosed in Schedule 4.5, as of the date of this Agreement, there is no claim, legal action, arbitration or other legal, administrative or tax proceeding pending or threatened in writing or, to such Seller's Knowledge, threatened (other than in writing), nor is there outstanding any order, decree or judgment against such Seller that, if adversely determined, would materially impair such Seller's ability to perform its obligations under this Agreement.

4.6 Certain Fees. Except as disclosed in Schedule 4.6, no finder, broker, agent, financial advisor or other intermediary has acted on behalf of such Seller in connection with this Agreement or the transactions contemplated by this Agreement, or is entitled to any payment in connection herewith or therewith which, in either case, would result in any obligation or liability to Buyer or any Falcon Company.

4.7 Investment Purpose; Investment Company. FHGLP is acquiring the Equity Consideration for investment for its own account and not with a view to the sale or distribution of any part thereof within the meaning of the Securities Act (other than tranfers by FHGLP to its partners). FHGLP (either alone or together with its advisors) has sufficient knowledge and experience in financial and business matters so as to be capable of evaluating the merits and risks of its investment in the Equity Consideration and is capable of bearing the economic risks of such investment. FHGLP is an informed and sophisticated purchaser, and has engaged expert advisors, experienced in the evaluation and purchase of equity interests such as contemplated hereunder. FHGLP has undertaken such investigation and has been provided with and has evaluated such documents and information as it has deemed necessary to enable it to make an informed and intelligent decision with respect to the execution, delivery and performance of this Agreement. FHGLP acknowledges that Buyer has given FHGLP complete and open access to the key employees, documents and facilities of Buyer and its Subsidiaries. FHGLP will undertake prior to Closing such further investigation and request such additional documents and information as it deems necessary. FHGLP agrees to accept the Equity Consideration based upon its own inspection, examination and determination with respect thereto as to all matters, and without reliance upon any express or implied representations or warranties of any nature made by or on behalf of or imputed to Buyer, except as expressly set forth in this Agreement. FHGLP will not be an "investment company" as defined in the Investment Company Act of 1940, as amended.

4.8 Cure. For all purposes under this Agreement, the existence or occurrence of any events or circumstances which constitute or cause a breach of a representation or warranty of such Seller (as modified by Falcon's Disclosure Schedules) on the date such representation or warranty is made shall be deemed not to constitute a breach of such representation or warranty if such event or circumstance is cured on or prior to the Closing Date or the earlier termination of this Agreement.

SECTION 5: REPRESENTATIONS AND WARRANTIES OF BUYER.

Buyer represents and warrants to Falcon and Sellers as set forth in this Section 5.

5.1 Organization. Buyer is a corporation duly incorporated, validly existing and in good standing under the laws of the State of Delaware. Buyer has the requisite corporate power and authority to own, lease and operate its properties, to carry on its business in the places where such properties are now owned, leased or operated and such business is now conducted and to execute, deliver and perform this Agreement and the other Transaction Documents to which Buyer is a party according to their respective terms. Buyer is duly qualified and in good standing as a foreign corporation in each jurisdiction in which such qualification is required. Charter LLC will be a limited liability company formed under the laws of the State of Delaware. When formed Charter LLC will have the requisite limited liability company power and authority to perform this Agreement and the other Transaction Documents to which it is a party according to their respective terms.

5.2 Authorization and Binding Obligation. The execution, delivery and performance by Buyer of this Agreement and the other Transaction Documents to which it is a party have been duly authorized by all necessary corporate, shareholder or other action on the part of Buyer. This Agreement and the other Transaction Documents to which Buyer is a party have been duly executed and delivered by Buyer (or, in the case of Transaction Documents to be executed and delivered at Closing, when executed and delivered will be duly executed and delivered) and constitute (or, in the case of Transaction Documents to be executed and delivered at Closing, when executed and delivered will constitute) the legal, valid, and binding obligation of Buyer, enforceable against Buyer in accordance with their terms, except as the enforceability of this Agreement and such other Transaction Documents may be limited by Enforceability Exceptions. When executed and delivered by Charter LLC, the Transaction Documents to be executed and delivered by Charter LLC will have been duly authorized by all necessary limited liability company action on the part of Charter LLC and will be duly executed and delivered and will constitute the legal, valid, and binding obligation of Charter LLC, enforceable against Charter LLC in accordance with their terms, except as the enforceability of such Transaction Documents may be limited by Enforceability Exceptions.

5.3 Absence of Conflicting Agreements; Consents. Except for the expiration or termination of any applicable waiting period under the HSR Act, and the filing by Buyer with the SEC of any reports required to be filed in connection with the consummation of the transactions contemplated hereby, the execution, delivery and performance by Buyer of this Agreement and the other Transaction Documents to which Buyer is a party, and the execution, delivery and performance by Charter LLC of the Transaction Documents to which Charter LLC will be a party (with or without the giving of notice, the lapse of time, or both): (a) do not require any Consent, declaration to, or filing with any Governmental Authority or any other Person that has not been obtained; (b) will not conflict with any provision of the Organizational Documents of Buyer as currently in effect or the Organizational Documents of Charter LLC as then in effect; (c) will not conflict with, result in a material breach of, or constitute a default in any material respect under any Legal Requirement to which Buyer is bound or Charter LLC will be bound; and (d) will not conflict with, constitute grounds for termination of, result in a breach of, constitute a default under, or accelerate or permit the acceleration of any performance required by the terms of any material agreement or instrument to which Buyer is a party or bound or Charter LLC will be a party or bound. Notwithstanding the foregoing, Buyer makes no representation or warranty regarding any of the foregoing that may result from the specific legal or regulatory status of any Falcon Company or any Seller or as a result of any other facts that specifically relate to the business or activities in which any Falcon Company or Seller is or proposes to be engaged other than the cable television business.

5.4 Claims and Litigation. Except as disclosed in Schedule 5.4, as of the date of this Agreement, there is no claim, legal action, arbitration, governmental investigation or other legal, administrative or tax proceeding pending, or threatened in writing or, to Buyer's Knowledge, threatened (other than in writing), nor is there outstanding any order, decree or judgment against Buyer that, if adversely determined, would materially impair Buyer's or Charter LLC's ability to perform its obligations under this Agreement.

5.5 Investment Purpose; Investment Company. Buyer is acquiring the Purchased Interests and Charter LLC is acquiring the Contributed Interest for investment for its own account and not with a view to the sale or distribution of any part thereof within the meaning of the Securities Act. Buyer (either alone or together with its advisors) has sufficient knowledge and experience in financial and business matters so as to be capable of evaluating the merits and risks of its investment in the Purchased Interests and Charter LLC's investment in the Contributed Interest and is capable of bearing the economic risks of such investment. Buyer is an informed and sophisticated purchaser, and has engaged expert advisors, experienced in the evaluation and purchase of companies such as the Falcon Companies as contemplated hereunder. Buyer has undertaken such investigation and has been provided with and has evaluated such documents and information as it has deemed necessary to enable it to make an informed and intelligent decision with respect to the execution, delivery and performance of this Agreement. Buyer acknowledges that Falcon and Sellers have given Buyer complete and open access to the key employees, documents and facilities of the Falcon Companies. Buyer will undertake prior to Closing such further investigation and request such additional documents and information as it deems necessary. Buyer agrees for itself and Charter LLC to accept the Purchased Interests and the Contributed Interest and the Systems in the condition they are in on the Closing Date based upon its own inspection, examination and determination with respect thereto as to all matters, and without reliance upon any express or implied representations or warranties of any nature made by or on behalf of or imputed to Falcon or Sellers, except as expressly set forth in this Agreement. Buyer is not and Charter LLC will not be an "investment company" as defined in the Investment Company Act of 1940, as amended.

5.6 Ownership of Buyer and its Subsidiaries. The ownership chart of Buyer and its Subsidiaries included as Schedule 5.6 is (or, with respect to CCI's ownership of Charter Holdings, will be within five days after execution of this Agreement) true and correct in all material respects. Without limiting the generality of the foregoing, Buyer is or will be within five days after execution of this Agreement, and as of the Closing either Buyer or Charter LLC will be, the record and beneficial owner of all of the issued and outstanding Equity Interests of Charter Holdings, and as of the formation of Charter LLC and as of the Closing, Buyer will be the record and beneficial owner of all of the issued and outstanding Equity Interests of Charter LLC.

5.7 Certain Fees. No finder, broker, agent, financial advisor or other intermediary has acted on behalf of Buyer in connection with this Agreement or the transactions contemplated by this Agreement, or is entitled to any payment in connection herewith or therewith which, in either case, would result in any obligation or liability to Falcon or Sellers.

5.8 Availability of Funds. Buyer has, as of the date hereof, the ability to obtain, and will have, as of the Closing Date, sufficient cash, lines of credit or other immediately available funds to enable it to consummate the transactions contemplated hereby.

5.9 Financial Statements.

(a) Buyer has delivered to Falcon true and complete copies of the audited consolidated financial statements of Charter Holdings (including the notes thereto) for the year ended December 31, 1998 (by inclusion of such financial statements in the Form S-4 referred to in Section 5.10) and the unaudited consolidated financial statements of Charter Holdings for the three months ended March 31, 1999, in each case that are described on Schedule 5.9 (collectively, the "Charter Financial Statements").

(b) Except as disclosed in Schedule 5.9, the Charter Financial Statements: (1) have been prepared from the books and records of the Buyer and its Subsidiaries to which they relate; (2) have been prepared in accordance with GAAP consistently applied (except as indicated in the notes thereto and except, in the case of the unaudited Charter Financial Statements, for the omission of footnotes and changes resulting from customary and recurring year-end adjustments); and (3) subject to the addition of footnotes and changes resulting from customary and recurring year-end adjustments in the case of the unaudited Charter Financial Statements which in the aggregate are not expected to be material, present fairly in all material respects the financial condition of Buyer and its Subsidiaries to which they relate as at December 31, 1998, or March 31, 1999, as the case may be, and the results of operations for the period then ended.

5.10 Private Offering Memorandum and S-4. Buyer has delivered to Falcon true and complete copies of each of the Offering Circular dated March 12, 1999 relating to the offering by Charter Holdings and Charter Communications Holdings Capital Corporation of 8.25% Senior Notes due 2007, 8.625% Senior Notes due 2009, and 9.920% Senior Discount Notes due 2011 and the Form S-4 dated May 12, 1999 relating to an exchange offer in respect of such securities. The statements made by Charter Holdings in each of the Offering Circular and Form S-4 referred to in the previous sentence were true and correct in all material respects as of the date made in light of the circumstances in which they were made.

5.11 Cure. For all purposes under this Agreement, the existence or occurrence of any events or circumstances which constitute or cause a breach of a representation or warranty of Buyer on the date such representation or warranty is made shall be deemed not to constitute a breach of such representation or warranty if such event or circumstance is cured on or prior to the Closing Date or the earlier termination of this Agreement.

SECTION 6: SPECIAL COVENANTS AND AGREEMENTS

6.1 Operation of Business Prior to Closing. Except as required by applicable Legal Requirements or as contemplated by Schedule 6.1 or Section 6.1(c), and subject to Falcon's obligation to comply with the terms and conditions hereof and the operation of the Falcon Companies' business in the ordinary course, and except as consented to by Buyer, between the date hereof and the Closing Date, Falcon will cause the Falcon Companies to operate the Systems in the ordinary course of business (subject to, and except as modified by, compliance with the following negative and affirmative covenants) and abide by the following negative and affirmative covenants:

(a) Negative Covenants. The Falcon Companies shall not do any of the following between the date hereof and the Closing Date:

(1) Franchises. Fail to timely file a valid request for renewal in accordance with Section 626(a) of the Cable Act, or fail to use commercially reasonable efforts to renew on substantially the same or on other commercially reasonable terms any Franchise that has expired or will expire after the date hereof and prior to the date which is thirty (30) months after the Closing Date in accordance with its terms (it being understood that the Falcon Companies shall not be required to take any steps necessary to obtain renewals of any Franchise earlier than such steps are required to be taken by applicable FCC Regulations, and obtaining renewals of any Franchise shall not be a condition precedent to Buyer's or Falcon's obligations hereunder).

(2) Contracts. Modify or amend in any material respect, except in the ordinary course of business or in connection with payments to employees as provided in Section 6.9(a), any Contract that shall survive the Closing; or enter into any new Contracts that will be binding on the Falcon Companies following the Closing except: (A) agreements for the provision of services to customers; (B) the renewal or extension of any existing Contract on its existing terms, in all material respects, in the ordinary course of business; (C) with respect to utility pole attachment agreements, Contracts with terms as customarily required by the utility whose poles are utilized; (D) Contracts in connection with capital expenditures made in accordance with Section 6.1(b)(7); or (E) any other contracts or commitments entered into in the ordinary course of business that are terminable on not more than sixty days prior notice without the payment of any penalty or that do not involve post-Closing obligations in excess of One Hundred Fifty Thousand Dollars ($150,000)

per year in any one case or in excess of One Million Dollars ($1,000,000) per year in the aggregate; provided that the Falcon Companies shall not enter into any employment agreements or new Contracts for the acquisition or disposition of cable television systems without the prior consent of Buyer or amend any existing employment agreement or Contract for the acquisition or disposition of cable television systems without the prior consent of Buyer, such consent with respect to amendments not to be unreasonably withheld or delayed.

(3) Disposition of Assets. Sell, assign, lease, swap or otherwise transfer or dispose of any of the Assets, except for Assets consumed or disposed of in the ordinary course of business.

(4) Encumbrances. Create, assume or permit to exist any Encumbrance upon the Assets, except for Permitted Encumbrances or other Encumbrances disclosed in Schedule 3.9 and subject to the Legal Restrictions on any Equity Interests owned by the Falcon Companies.

(5) Indebtedness. Permit the Falcon Companies to incur any additional indebtedness for borrowed money, except to the extent (if not repaid at or prior to the Closing) included in the computation of Closing Net Liabilities; provided that any such incurrence shall be in the ordinary course of business and the Falcon Companies shall give Buyer prior notice of such borrowing;

(6) Compensation. Increase annually recurring compensation by more than 5%, on average, for the Falcon Companies' employees retained in connection with the conduct of the business or operation of the Systems, except for customary merit or time-in-grade increases for qualifying employees or otherwise in accordance with the Falcon Companies' employee policies.

(7) Waivers. Waive any material right relating to the Systems or the Assets.

(8) Marketing Plan. Implement any new marketing plans that are materially different from marketing plans previously implemented by the Falcon Companies, except as consented to by Buyer, such consent not to be unreasonably withheld.

(9) Affiliate Transactions. Enter into any new business arrangements or business relationships that would be required to be disclosed on Schedule 3.17 or modify, revise or alter any existing such arrangements or relationships if it would have an adverse economic effect on the Falcon Companies or would be binding on the Falcon Companies after the Closing.

(b) Affirmative Covenants. Falcon shall, and shall cause the Falcon Companies to, do the following between the date hereof and the Closing Date:

(1) Access to Information. Subject to Buyer's and Charter's obligations hereunder and under the Confidentiality Agreement with respect to confidentiality, allow Buyer and its authorized representatives reasonable access during normal business hours to the Assets and the physical plant, offices, properties and records of the Falcon Companies for the purpose of inspection, and furnish or cause to be furnished to Buyer or its authorized representatives all information with respect to the Assets or the Falcon Companies that Buyer may reasonably request. Any investigation or request for information shall be conducted in such a manner as not to interfere with the business or operations of the Falcon Companies and the Systems.

(2) Insurance. Maintain the existing insurance policies on the Systems and the Assets (or comparable replacement policies).

(3) Books and Records. Maintain the Falcon Companies' books and records substantially in accordance with past practices.

(4) Financial Information. Furnish to Buyer (i) within forty-five days after the end of each calendar quarter between the date hereof and the Closing Date, an unaudited consolidated balance sheet and statement of operations for the Falcon Companies for each such calendar quarter and (ii) any other information (including management notes) furnished to the Falcon Companies' senior lenders or filed by the Falcon Companies with the SEC, which financial information shall be prepared from the Falcon Companies' books and records maintained in the ordinary course of business substantially in accordance with past practices;

(5) Compliance with Laws. Comply with all Legal Requirements applicable to the Falcon Companies and the operation of the Systems, except to the extent of matters of non-compliance which in the aggregate would not be material to the Falcon Companies taken as a whole.

(6) Keep Organization Intact. Except with respect to any departure of any of the Falcon Companies' employees between the date hereof and Closing, or the termination of employment of certain Falcon Company employees as provided in Section 6.9(a), use commercially reasonable efforts to preserve intact the Falcon Companies' business and organization relating to the Systems and preserve for Buyer the goodwill of the Falcon Companies' suppliers, customers and others having business relations with them.

(7) Capital Expenditure Program. After the execution of this Agreement Falcon will cause the Falcon Companies to use commercially reasonable efforts to make capital expenditures, including maintenance and rebuild and upgrade expenditures, materially consistent with the Capital Expenditure Budget, subject to applicable contractual restrictions. If requested by Buyer, subject to applicable contractual restrictions and Falcon's approval, which approval will not be unreasonably withheld, Falcon will cause the Falcon Companies to use commercially reasonable efforts to make capital expenditures in excess of the Capital Expenditure Budget at the written request of Buyer, so long as the timing and manner of the expenditures so requested by Buyer are

reasonable. As provided for in Section 2.4(b)(xii), at the Closing, the Closing Net Liabilities shall be decreased by the total amount of capital expenditures made by the Falcon Companies after the date of this Agreement (other than routine maintenance capital expenditures), but only to the extent the Falcon Companies have made an actual payment in respect thereof or a liability for payment is reflected in the computation of Closing Net Liabilities.

(c) Certain Permitted Actions. Notwithstanding anything in this Agreement (including Sections 6.1(a) and (b) above) to the contrary, Buyer consents and agrees as follows:

(1) Contractual Commitments. The Falcon Companies may comply with all of their contractual commitments under their existing Contracts and under any Contracts entered into after the date of this Agreement in compliance with Section 6.1(a)(2) or with Buyer's (in each case, as such Contracts may be in effect from time to time in accordance with Section 6.1(a)(2) or with Buyer's and Charter's consent). The Falcon Companies may take such actions as are contemplated by the other Sections of this Agreement and otherwise comply with their obligations under the other Sections of this Agreement.

(2) Excluded Assets. Buyer acknowledges that the artwork and photography throughout Falcon's Westwood and Pasadena corporate offices and the furniture and furnishings in Marc Nathanson's office and certain other furniture in Falcon's Westwood and Pasadena corporate offices are personal assets of Marc Nathanson that will be retained by him and are not and will not become assets of Buyer or the Falcon Companies.

(3) Pending Acquisitions. The Falcon Companies may consummate the transactions contemplated by the acquisition agreements set forth in Schedule 6.1 of Falcon's Disclosure Schedule substantially in accordance with such acquisition agreements as currently in effect (such transactions, the "Pending Acquisitions"). As provided for in Section 2.4(b)(x), at the Closing, the Closing Net Liabilities shall be decreased by the amounts paid by the Falcon Companies to the sellers under such agreements (plus reasonable out-of-pocket costs and expenses incurred in connection with consummating such transactions), but only to the extent the Falcon Companies have made an actual payment in respect thereof or a liability for payment is reflected in the computation of Closing Net Liabilities. Buyer acknowledges that none of the representations and warranties made by Falcon or any Seller in this Agreement applies to the assets, systems, or liabilities acquired in the Pending Acquisitions or any other matter relating to such assets, systems, and liabilities, other than the representations and warranties made by Falcon in Section 3.4 with respect to Material Contracts. The parties agree and acknowledge that the subscribers acquired in the Pending Acquisitions shall not be counted for purposes of determining the subscriber adjustment pursuant to Section 2.4(a) or for purposes of determining whether the condition in Section 7.1(c) has been satisfied.

(4) Other Matters. The Falcon Companies may take the other actions contemplated in Schedule 6.1 of Falcon's Disclosure Schedule.

6.2 Confidentiality; Press Release.

(a) Buyer and Falcon are parties to a Confidentiality Agreement dated May 4, 1999 (the "Confidentiality Agreement"). Notwithstanding the execution, delivery and performance of this Agreement, or the termination of this Agreement prior to Closing, the Confidentiality Agreement shall remain in full force and effect in accordance with its terms, but shall expire concurrently with the Closing hereunder.

(b) No party will issue any press release or make any other public announcements concerning this Agreement or the transactions contemplated hereby except with the prior approval (not to be unreasonably withheld) of the other parties, except that if any such disclosure is required by law, no party will make such disclosure without first providing to the other parties an advance copy of any such disclosure and a reasonable opportunity to review and comment.

6.3 Cooperation; Commercially Reasonable Efforts. Without limiting any of the obligations of the parties hereunder, the parties shall cooperate with each other and their respective counsel, accountants, agents and other representatives in all commercially reasonable respects in connection with any actions required to be taken as part of their respective obligations under this Agreement, and otherwise use their commercially reasonable efforts to consummate the transactions contemplated hereby and to fulfill their obligations hereunder as expeditiously as practicable. Buyer shall provide to Falcon such information relating to Buyer and its Subsidiaries and their businesses and operations as Falcon shall reasonably request.

6.4 Consents and Notices.

(a) Following the execution hereof, until the Closing Date, Falcon shall use its commercially reasonable efforts, and shall cause the Falcon Companies to use their commercially reasonable efforts, and Buyer shall use its commercially reasonable efforts, to obtain as expeditiously as possible all Consents and Designated Consents required to be obtained by the Falcon Companies, including Consents and Designated Consents under the Franchises, FCC Licenses and Contracts of the Falcon Companies. Falcon shall, and shall cause the Falcon Companies to, and Buyer shall, prepare and file, or cause to be prepared and filed, within thirty (30) days after the date hereof (subject to extension for a period of up to an additional fifteen (15) days, if reasonably necessary for a party to complete its application), all applications (including FCC Forms 394 or other appropriate forms) required to be filed with the FCC and any Franchising Authority that are necessary for the transfer of control to Buyer in connection with the consummation of the transactions contemplated by this Agreement of the Franchises and the FCC Licenses identified in Schedule 3.4. The parties shall also make appropriate requests, as soon as practicable after the date hereof, for any Consents required under any Contract (other than the Debt Documents, which shall be governed by Section 6.7). If, notwithstanding their commercially reasonable efforts, Falcon and the other Falcon Companies are unable to obtain any of the Consents or Designated Consents, none of the Falcon Companies nor Sellers shall be liable to Buyer for any breach of covenant, and, for the avoidance of doubt, after the Closing, Sellers shall not have any obligation or any liability for the failure of such Consents or Designated Consents to be obtained. Except as expressly provided herein, nothing herein shall require the expenditure or payment of any funds (other than in respect of normal and usual attorneys fees, filing fees or other normal costs of doing business) or the giving of any other consideration by Sellers or the Falcon Companies.

(b) Buyer agrees that if in connection with the process of obtaining any Consent or Designated Consent, a Governmental Authority or other Person purports to require any condition, change or additional or different terms to a Franchise, License or Contract to which such Consent or Designated Consent relates that would be applicable to any of Buyer or any Falcon Company as a requirement for granting its Consent or Designated Consent, Buyer may negotiate jointly with Falcon with such Governmental Authority or other Person, as appropriate, with respect to such condition or change, and each agrees that neither Sellers, the Falcon Companies nor Buyer shall have any obligation to bear any monetary obligations to a Governmental Authority or other Person as a condition to obtaining any required Consent or Designated Consent therefrom; provided, however, that either Sellers or Buyer may elect, in its sole discretion, to satisfy such monetary obligations, in which case, Buyer will accept (and agree that Falcon may cause any Falcon Company to accept) any condition or change in the Franchise, License or Contract to which such Consent or Designated Consent relates to the extent provided herein (but, in the case of Sellers electing to satisfy any such monetary obligations, Buyer and the Falcon Companies will be deemed to have accepted such condition or change only to the extent Sellers reimburse the Falcon Companies or give Buyer credit against the Aggregate Consideration at the Closing for the amount of such monetary obligations, as determined by the mutual agreement of Buyer and Sellers, each acting reasonably); and provided further that Buyer will accept and comply with any commercially reasonable non-monetary obligation imposed by any such Governmental Authority or other Person.

(c) Each of Falcon and Buyer shall make its representatives available (at its own expense) to attend one or more meetings of a Governmental Authority from whom a Consent is requested and shall promptly furnish to any Governmental Authority or other Person from whom a Consent is requested such accurate and complete information regarding it and its Subsidiaries, including financial information concerning Buyer and other information relating to the cable and other media operations of Buyer, as a Governmental Authority or other Person may reasonably require in connection with obtaining any Consent. The parties shall promptly consult with each other regarding any prospective meeting or information request and promptly furnish to each other a copy of any such information provided to a Governmental Authority or other Person, and any other information concerning Buyer as Falcon may reasonably request in connection with obtaining any Consent. To the extent Falcon is required to supply such information as to Buyer and its Subsidiaries to Persons from whom Consents are sought, Falcon may supply such information and shall have no obligation to Buyer with respect to the disclosure or use of such information by such Persons.

(d) It is understood and agreed that nothing herein shall prevent Buyer (or their employees, agents, representatives and any other Person acting on behalf of Buyer) from making statements or inquiries to, attending meetings of, making presentations to, or from responding to requests initiated by, Governmental Authorities or other Persons from which a Consent is sought, and Buyer shall use commercially reasonable efforts to apprise Falcon of all such requests.

(e) After the Closing, Sellers will cooperate in all reasonable respects with Buyer and the Falcon Companies to obtain any of the Consents that were not obtained prior to the Closing, provided that such cooperation will not require the Sellers to make any expenditure or payment of any funds and Buyer will reimburse Sellers for any expenditure or payment that Sellers voluntarily make.

(f) Following the execution hereof, until the Closing Date, FHGLP and TCI shall use their commercially reasonable efforts to obtain as expeditiously as possible all consents necessary for the joint venture interests in Pacific Microwave Joint Venture to be assigned to Falcon, it being understood that receipt of such consents and the assignment of such joint venture interests shall not be a condition precedent to Buyer's obligation to consummate the transactions to be consummated hereunder and that, if such consents shall not have been obtained prior to the Closing, such joint venture interests will not be assigned to Falcon at the Closing, but provided that in such event FHGLP and TCI shall continue to use their commercially reasonable efforts after the Closing to obtain such consents and until such time as the joint venture interests are assigned to Falcon they shall cause the benefits that are currently made available to the Systems by the Pacific Microwave Joint Venture to be made available to Buyer at no cost to Buyer.

(g) Following the execution hereof, until the Closing Date, FHGLP shall use its commercially reasonable efforts, and shall cause the Enstar Partnerships to use their commercially reasonable efforts, and Buyer shall use its commercially reasonable efforts, to obtain as expeditiously as possible all Franchise Consents that FHGLP and Buyer mutually agree, each acting reasonably, are required to be obtained by the Enstar Partnerships in connection with the transfer of control to Buyer in connection with the consummation of the transactions contemplated by this Agreement. FHGLP shall, and shall cause the Enstar Partnerships to, and Buyer shall, prepare and file, or cause to be prepared and filed, within thirty (30) days after the date hereof (subject to extension for a period of up to an additional fifteen (15) days, if reasonably necessary for a party to complete its application), all FCC Forms 394 required to be filed in accordance with the preceding sentence. It is expressly understood that the receipt of such Consents is not a condition precedent to Buyer's obligation to consummate the transactions contemplated by this Agreement and that if, notwithstanding their commercially reasonable efforts, FHGLP and the Enstar Partnerships are unable to obtain any of such Consents, FHGLP shall not be liable to Buyer for any breach of covenant, and, for the avoidance of doubt, after the Closing, FHGLP shall not have any obligation or any liability for the failure of such Consents to be obtained. Nothing herein shall require the expenditure or payment of any funds (other than in respect of normal and usual attorneys fees, filing fees or other normal costs of doing business) or the giving of any other consideration by FHGLP or the other Sellers or the Enstar Partnerships or the Falcon Companies.

(h) Following the execution hereof, without acknowledging that any notice or consent is required with respect to such Franchises, Falcon shall, and shall cause the Falcon

Companies to, and Buyer shall, prepare and file, or cause to be prepared and filed, within thirty (30) days after the date hereof (subject to extension for a period of up to an additional fifteen (15) days, if reasonably necessary for the parties to complete such notices), a notification to the appropriate Franchising Authority with respect to each Franchise marked with an asterisk in Schedule 3.8, such notification to be in a form mutually and reasonably satisfactory to Falcon and Buyer. Each of Falcon and Buyer shall promptly furnish to any of such Franchising Authorities such additional information as it may reasonably require in connection with the transactions contemplated by this Agreement.

6.5 HSR Act Filing. As soon as practicable after the execution of this Agreement, but in any event no later than thirty (30) days after such execution (subject to extension for a period of up to an additional ten (10) days, if reasonably necessary for a party to complete its notification and report if not filed by the expiration of such thirty (30) day period) the parties will each complete and file, or cause to be completed and filed, any notification and report required to be filed under the HSR Act; and each such filing shall request early termination of the waiting period imposed by the HSR Act. The parties shall use commercially reasonable efforts to respond as promptly as reasonably practicable to any inquiries received from the Federal Trade Commission (the "FTC") and the Antitrust Division of the Department of Justice (the "Antitrust Division") for additional information or documentation and to respond as promptly as reasonably practicable to all inquiries and requests received from any other Governmental Authority in connection with antitrust matters. The parties shall use commercially reasonable efforts to overcome any objections which may be raised by the FTC, the Antitrust Division or any other Governmental Authority having jurisdiction over antitrust matters.

6.6 No Inconsistent Actions; Charter LLC.

(a) No party hereto, nor any of their respective Affiliates, will take any action that is inconsistent with its obligations under this Agreement or which does, or would reasonably be expected to, hinder or delay the consummation of the transaction contemplated by this Agreement. Without limiting the generality of the foregoing, at all times between the date hereof and the Closing Date, Buyer will take all necessary or advisable actions to ensure, and Buyer will ensure, that Buyer is able to deliver the Cash Consideration and the Equity Consideration at Closing.

(b) Buyer shall form Charter LLC as a Delaware limited liability company as soon as practicable after the execution of this Agreement and in any event prior to the filing of any Consent applications to be filed pursuant to Section 6.4. Buyer shall cause Charter LLC to execute such applications as the transferee as appropriate and to take all appropriate actions with respect to any such applications. Buyer shall cause Charter LLC to take all appropriate actions necessary for Buyer and Charter LLC to perform their obligations under this Agreement and the other Transaction Documents.

(c) Within 60 days after the date hereof, Buyer and FHGLP shall negotiate in good faith (1) the definitive Charter LLC Operating Agreement to be effective upon the Closing in accordance with the terms set forth on Exhibit D and such additional terms as Buyer and FHGLP may mutually agree, (2) the definitive Exchange Agreement in accordance with the terms set forth on Exhibit E and such additional terms as Buyer and FHGLP may mutually agree, (3) a form of amended and restated limited partnership agreement of Falcon Communications, L.P. to be effective immediately after the Closing (the "Amended Falcon Partnership Agreement"), which agreement shall provide for pro rata and nondiscriminatory treatment of its partners and shall otherwise be reasonably acceptable to FHGLP, (4) the definitive Put Agreement to be effective upon the Closing in accordance with Exhibit B and such additional terms as Buyer and FHGLP may mutually agreement, and (5) the definitive Registration Rights Agreement to be effective in accordance with Exhibit C and such additional terms as FHGLP and Buyer may mutually agree. If Buyer and FHGLP do not agree on a definitive Charter LLC Agreement and/or a definitive Exchange Agreement and/or a definitive Amended Falcon Partnership Agreement and/or a definitive Put Agreement and/or a definitive Registration Rights Agreement prior to the Closing, the terms set forth in Exhibits B, C, D and E and the preceding sentence (with respect to the Amended Falcon Partnership Agreement) shall be binding on each of Buyer, Charter LLC and FHGLP, except that FHGLP may elect at its sole option to receive a cash payment in lieu of the Equity Consideration and not to contribute any portion of its partnership interest in Falcon to Charter LLC, in which event FHGLP's entire partnership interest in Falcon shall be sold to Buyer pursuant to Section 2.1(a) hereof and otherwise treated as a Purchased Interest hereunder and the terms set forth in Exhibits B, C, D and E and the preceding sentence (with respect to the Amended Falcon Partnership Agreement) shall not be binding on any of Buyer, Charter LLC or FHGLP.

(d) On or prior to the Closing, Buyer shall contribute all of its interest in Charter Holdings to Charter LLC in accordance with the terms of Exhibit D hereto and the Charter LLC Operating Agreement.

(e) Prior to the Closing and issuance of the Equity Consideration to FHGLP, Buyer shall not cause or permit Charter Holdings or Charter LLC to dispose of its assets other than in the ordinary course of its business or other than for fair market value.

(f) If the entity defined as "Charter" in the Registration Rights Agreement ("PublicCo") is formed prior to the Closing, Buyer shall cause PublicCo to execute and deliver the Registration Rights Agreement and the Exchange Agreement at the Closing. If PublicCo is formed after the Closing, Buyer will cause PublicCo to execute and deliver the Registration Rights Agreement and the Exchange Agreement at the time of the formation of PublicCo.

6.7 Falcon Company and Enstar Debt Obligations.

(a) Buyer acknowledges and agrees that all obligations of the Falcon Companies with respect to Indebtedness, including the Senior Discount Debentures, the Senior Debentures, the Senior Debt, the MONY Notes, and swap and interest rate hedging Contracts (including all principal, accrued and unpaid interest and all other amounts), shall remain obligations of the Falcon Companies through and after Closing, and Buyer will cooperate with the Falcon Companies with respect to any information relating to Buyer that shall be reasonably requested by any of the holders of the Senior Debt or MONY Notes.

(b) After the Closing, Buyer agrees to cause the Falcon Companies to commence an Offer to Purchase (as defined in the Indenture) in accordance with the terms and conditions of the Indenture and to discharge all of their obligations under the Indenture in accordance with its terms, and Buyer agrees that Sellers shall not have any liability or obligation in respect thereof, including any change of control penalty or premium or other payment arising out of or resulting from the consummation of the transactions contemplated by this Agreement under or pursuant to the Indenture, the Senior Debentures or the Senior Discount Debentures.

(c) Buyer will either (1) prior to the Closing procure from the lenders under the Credit Agreement and from the purchasers under the MONY Agreement a written waiver, in form and substance reasonably satisfactory to Sellers, that will permit the transactions contemplated by this Agreement to be consummated without a default or an event of default thereunder being caused thereby, that will permit the sale and transfer of the Purchased Interests and the Contributed Interest to Buyer and Charter LLC as contemplated by this Agreement and the receipt by the Sellers of the Aggregate Consideration therefor free and clear of the pledges under the Credit Agreement, and that will release Sellers from any obligations and restrictions they may have under the Senior Debt and the Credit Agreement and the MONY Notes and the MONY Agreement and related Debt Documents, or (2) simultaneously with the Closing and without limiting any other obligations of Buyer, satisfy and discharge all obligations of the Falcon Companies in respect of the Senior Debt and the Credit Agreement and the MONY Notes and the MONY Agreement and related Debt Documents (including all principal, accrued and unpaid interest and all other amounts, including any prepayment penalty or premium or any breakage costs) that become due and payable concurrently with, or as a result of, the consummation of the Closing.

(d) Buyer acknowledges and agrees that all obligations of Enstar Finance with respect to Indebtedness, including the Enstar Credit Agreement (including all principal and unpaid interest and all other amounts) shall remain obligations of Enstar Finance through and after the Closing, and Buyer will cooperate with Enstar Finance with respect to any information relating to Buyer that shall be reasonably requested by the lenders under the Enstar Credit Agreement.

(e) Buyer will either (1) prior to the Closing procure from the lenders under the Enstar Credit Agreement a written waiver, in form and substance reasonably satisfactory to Falcon, that will permit the receipt by the applicable Sellers of the Aggregate Consideration therefor free and clear of the pledges under the Enstar Credit Agreement, and that will release the applicable Sellers from any obligations and restrictions they may have under the Enstar Credit Agreement and related Enstar Debt Documents, or (2) simultaneously with the Closing and without limiting any other obligations of Buyer, satisfy and discharge all obligations of Enstar Finance in respect of the Enstar Credit Agreement and related Enstar Debt Documents (including all principal, accrued and unpaid interest and all other amounts, including any prepayment penalty or premium or any breakage costs) that become due and payable concurrently with, or as a result of, the consummation of the Closing.

6.8 Retention and Access to the Falcon Companies' Records. Except as provided in Section 6.10(c)(1), Sellers shall, for a period of four years from the Closing Date, have access to, and the right to copy, at its expense, during usual business hours upon reasonable prior notice to Buyer, all of the books and records relating to the Falcon Companies, Assets and Systems that were transferred to Buyer pursuant to this Agreement. Buyer shall retain and preserve all such books and records for such four year period. Subsequent to such four year period, Buyer shall only destroy such books and records if there is no ongoing litigation, governmental audit or other proceeding, and subsequent to thirty days' notice to Sellers of their right to remove and retain such books and records or to copy such books and records prior to their destruction.

6.9 Employee Matters.

(a) Falcon shall terminate, effective as of the Adjustment Time, the employment of each Headquarters Employee who remains in employment as of the Closing other than those Headquarters Employees designated in a written notice delivered by Buyer to Sellers not later than 60 days after the date of this Agreement. Seller shall provide affected Headquarters Employees, and other parties entitled to receive notice, such notice as may be required under the Worker Adjustment and Retraining Notification Act promptly following receipt of written notice from Buyer described in the preceding sentence. Buyer shall indemnify and hold harmless Sellers from and against any and all liability arising out of either Buyer's failure to provide such notice not later than 60 days after the date of this Agreement or the termination of the employment of any Headquarters Employee, except for the payment of compensation and severance benefits, as provided in Section 6.9(b) below.

(b) On or prior to Closing, Falcon shall pay any and all compensation owing to Headquarters Employees for any time period prior to and including the Closing, including any wages, salaries, bonuses and payments under any Compensation Arrangement owing to such employees. On or prior to the Closing, subject to the adjustment provided in 2.4(b)(viii), Falcon will pay each of the Headquarters Employees (including Headquarters Employees who decline continued employment with Buyer), other than (i) those employees identified on Schedule 6.9 and (ii) those Headquarters Employees whose employment will not be terminated in accordance with Section 6.9(a) above (the "Transferred Headquarters Employees"), severance pay on such terms and in such amounts as Falcon may determine in its sole discretion. On or prior to the Closing, Falcon will terminate the Falcon Communications, L.P. 1993 Incentive Performance Plan and provide for the payment of all benefits due under the terms of such plan and provide for the payment of any amounts due under the Falcon Communications, L.P. Key Executive Equity Program and any such program sponsored by any Falcon Company.

(c) At Closing, Falcon shall provide Buyer a schedule setting forth a severance pay amount for each Transferred Headquarters Employee. Upon the termination of employment for any reason other than for Cause of any Transferred Headquarters Employee within six months after the Closing, Buyer shall pay such Transferred Headquarters Employee severance pay in an amount not less than the severance pay amount identified in the schedule of severance pay described in the foregoing sentence. For purposes of this Section, "Cause" shall mean (i) conviction of a felony or a crime involving moral turpitude, or (ii) engaging in acts constituting willful dishonesty, fraud and/or willful failure to carry out the employee's job responsibilities.

(d) Except as otherwise required in this Section 6.9, all employees of the Falcon Companies who continue in employment following the Closing shall be employed on such terms and conditions as are substantially similar in the aggregate to the terms and conditions of employment of Buyer's and Charter's employees. Each such employee shall receive credit for all purposes other than benefit accrual purposes under any retirement plan or program under any Employee Plan or Compensation Arrangement of the Buyer for past service with any Falcon Company and, to the extent credited under any Employee Plan or Compensation Arrangement of any Falcon Company, for past service with any predecessor employer.

(e) Buyer shall offer group health plan coverage to all of the employees of the Falcon Companies and to the spouse and dependents of such employees who become employed by the Buyer or any ERISA Affiliate of the Buyer as of the Closing on terms and conditions generally applicable to all of Buyer's similarly situated employees. For purposes of providing such coverage, Buyer shall waive all preexisting condition limitations for all such employees covered by the health care plan of any Falcon Company as of the Closing and shall provide such health care coverage effective as of the Closing without the application of any eligibility period for coverage. In addition, Buyer shall credit all employee payments toward deductible, out-of-pocket and co-payment obligation limits under the Falcon Companies' health care plans for the plan year which includes the Closing Date as if such payments had been made for similar purposes under Buyer's health care plans during the plan year which includes the Closing Date, with respect to employees of the Falcon Companies and the spouse and any dependents of such employees who become employed by Buyer as of the Closing Date.

(f) Buyer shall assume full responsibility and liability for offering and providing "continuation coverage" to any "covered employee" and any "qualified beneficiary" who is covered by a "group health plan" sponsored or contributed to by any of the Falcon Companies who has experienced a "qualifying event" or is receiving "continuation coverage" on or prior to the Closing. "Continuation coverage," "covered employee," "qualified beneficiary," "qualifying event" and "group health plan" all shall have the meanings given such terms under Section 4980B of the Code and Section 601 et seq. of ERISA.

(g) Notwithstanding anything in this Agreement to the contrary, on or prior to the Closing Date, Falcon shall take such action as may be necessary or appropriate to cause each participant in the Falcon Communications, L.P. "Smart" 401(k) Plan and each participant in the Enstar Cable Corporation "Smart" 401(k) Plan (the "Falcon 401(k) Plans") to become fully vested in his or her benefit under such plans. Notwithstanding the foregoing or anything in this Agreement to the contrary, Sellers will take such actions as may be necessary to adopt resolutions to terminate the Falcon 401(k) Plans effective on or prior to the Closing Date; provided after the Closing Buyer shall take such actions as may be necessary or appropriate to complete the termination of the Falcon 401(k) Plans and provide for the distribution of benefits thereunder. Upon distribution of benefits following the termination of the Falcon 401(k) plans, a tax-qualified retirement plan sponsored by Buyer or an entity required to be combined with Buyer under Code Sections 414(b) or (c) shall accept rollover contributions with respect to any person who remains an employee of any Falcon Company following the Closing and as of the date of distribution of cash and promissory notes that relate to loans made to participants from the Falcon 401(k) plans.

6.10 Tax Matters.

(a) Tax Periods Ending on or Before the Closing Date. FHGLP shall prepare or cause to be prepared and file or cause to be filed all Tax Returns for the Falcon Companies (i) that are due on or before the Closing Date, or (ii) that relate to taxable periods ending on or prior to the Closing Date but are required to be filed after the Closing Date. Such Tax Returns shall be prepared in accordance with each Falcon Company's past custom and practice, and allocations of items of income and gain and loss and deduction shall be made using the closing-of-the-books method. In the case of any Falcon Company that is a partnership or a limited liability company, such Tax Returns shall be prepared in accordance with the Organizational Documents of such Falcon Company as in effect immediately prior to the Closing. In preparing each Falcon Company's Tax Returns, FHGLP shall consult with Buyer in good faith and shall provide Buyer with drafts of such Tax Returns (together with the relevant back-up information) for review and consent (which consent shall not be unreasonably withheld) at least twenty days prior to filing; provided, however, if Buyer has not provided comments on such Tax Returns to FHGLP within such twenty-day period, then such consent shall be deemed to be given and, if Buyer's comments or refusal to provide such consent results in any penalties imposed upon FHGLP or any Falcon Company for failing to file a timely Tax Return, then Buyer shall be liable for and shall pay, such penalties; provided further, however, if any such penalties for failure to file a timely Tax Return could be avoided by filing an extension to file such Tax Return with the applicable Governmental Authority, FHGLP shall, or shall cause the appropriate Falcon Company to, timely file such extension. After the Closing, Buyer shall not prepare or cause to be prepared or file or cause to be filed any Tax Return for the Falcon Companies for any period ending on or prior to the Closing Date.

(b) Tax Periods Beginning Before and Ending After the Closing Date. Buyer shall prepare or cause to be prepared and file or cause to be filed any Tax Returns of the Falcon Companies for Tax periods which begin before the Closing Date and end after the Closing Date. Such Tax Returns shall be prepared in accordance with each Falcon Company's past custom and practice but, except as otherwise provided in this Agreement, allocations of items of income and gain and loss and deduction shall be made using the closing-of-the-books method. In preparing such Tax Returns, Buyer shall consult with FHGLP in good faith and shall provide FHGLP with drafts of such Tax Returns (together with the relevant back-up information) for review at least ten days prior to filing.

(c) Cooperation on Tax Matters.

(1) Buyer and FHGLP shall cooperate fully, as and to the extent reasonably requested by the other party, in connection with the filing of Tax Returns pursuant to this Section 6.10 and any audit, litigation, or other proceeding with respect to Taxes. Such cooperation shall include the retention and (upon the other party's request) the provision of records and information which are reasonably relevant to any such audit, litigation or other proceeding and making employees available on a mutually convenient basis to provide additional information and explanation of any material provided hereunder. Buyer and FHGLP agree (A) to retain all books and records with respect to Tax matters pertinent to the Falcon Companies relating to any taxable period beginning before the Closing Date until the expiration of the statute of limitations (and, to the extent notified by Buyer or FHGLP, any extensions thereof) of the respective taxable periods, and to abide by all record retention agreements entered into with any taxing authority, and (B) to give the other party reasonable written notice prior to transferring, destroying or discarding any such books and records and, if the other party so requests, Buyer or FHGLP, as the case may be, shall allow the other party to take possession of such books and records to the extent they would otherwise be destroyed or discarded, subject to a confidentiality agreement provided by the party turning over such books and records and reasonably acceptable to the other party.

(2) Buyer and FHGLP further agree, upon request, to use commercially reasonable efforts to obtain any certificate or other document from any Governmental Authority or any other Person as may be necessary to mitigate, reduce or eliminate any Tax that could be imposed (including Taxes with respect to the transactions contemplated hereby).

(d) Certain Taxes. All transfer, documentary, sales, use, stamp, registration and other such Taxes and fees (including any penalties and interest) incurred in connection with the transactions consummated pursuant to this Agreement shall be paid by Buyer. Buyer and FHGLP will cooperate in all reasonable respects to prepare and file all necessary Tax Returns and other documentation with respect to all such transfer, documentary, sales, use, stamp, registration and other Taxes and fees. Buyer shall be liable for any Taxes attributable to any election made by Buyer or any Affiliate of Buyer with respect to any of the Falcon Companies under Section 338 of the Code or any comparable provision of state or local law.

(e) Buyer covenants that it will not, and it will not cause or permit any Falcon Company or any Affiliate of Buyer, (i) to take any action on or after the Closing Date, including the distribution of any dividend or the effectuation of any redemption, that could give rise to any tax liability of any Seller or any direct or indirect holder of equity interests in any Seller or (ii) to make or change any tax election, amend any Tax Return or take any tax position on any Tax Return, take any action, omit to take any action or enter into any transaction that results in any increased tax liability of any Seller or any direct or indirect holder of equity interests in any Seller in respect of any Pre-Closing Tax Period.

(f) Except to the extent taken into account in Closing Net Liabilities, Buyer shall promptly pay or cause to be paid to Sellers all refunds of taxes and interest thereon received by Buyer, any Affiliate of Buyer, or any Falcon Company attributable to taxes paid by Sellers or any Falcon Company with respect to any Pre-Closing Tax Period.

(g) From and after the date of this Agreement, Sellers and each Falcon Company shall not without the prior written consent of the Buyer (which consent shall not be unreasonably withheld) make, or cause or permit to be made, any Tax election that would adversely affect any of the Falcon Companies or Buyer.

(h) Allocation of Purchase Price. The sum of (i) the Cash Consideration allocable (pursuant to Section 2.3(d)) to the partnership interests in Falcon other than the Contributed Interest, (ii) the 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 an agreement (the "Falcon Allocation Agreement"), and the aggregate gross value of all the membership interests in Charter Holdings (including liabilities of Charter Holdings and its Subsidiaries) shall be allocated among the assets of Charter Holdings and its Subsidiaries in accordance with an agreement ("the Charter Allocation Agreement" and together with the Falcon Allocation Agreement, the "Allocation Agreements"). Each of the Allocation Agreements shall be prepared in accordance with the rules under Section 704(c), 743(b), 751 and 755 of the Code, as applicable. Buyer shall deliver a draft of the Allocation Agreements to Falcon within 90 days after the execution of the Purchase and Contribution Agreement for approval and consent, and Buyer and Falcon shall mutually agree upon the Allocation Agreements prior to the Closing Date. In this regard, Buyer and Falcon agree that (x) for purposes of the Falcon Allocation Agreement, each asset of any Falcon Company that is a Tax Partnership that is a Class I Asset, Class II Asset, or Class III Asset (as defined in Treasury Regulation Section 1.338(b)-2T) (other than the stock of FFI) shall be allocated value equal to its net book value, the stock of FFI shall be allocated value equal to the value determined by the mutual agreement of Buyer and Falcon, and any remaining value shall be allocated to Franchises of the Falcon Companies that are Tax Partnerships, and (y) for purposes of the Charter Allocation Agreement, each asset of Charter Holdings and its Subsidiaries that is a Class I Asset, Class II Asset, or Class III Asset (other than the Equity Interests in any Subsidiary of Charter Holdings that is not a Tax Partnership or a disregarded entity for federal income tax purposes (a "Charter Corporate Subsidiary")) shall be allocated value equal to its net book value, the Equity Interests in any Charter Corporate Subsidiary shall be allocated value equal to the value determined by the mutual agreement of Buyer and Falcon, and any remaining value shall be allocated to Franchises of Charter Holdings and its Subsidiaries (other than Franchises of Charter Corporate Subsidiaries). Neither Falcon nor Buyer shall unreasonably withhold its approval and consent with respect to the Allocation Agreements. Unless otherwise required by applicable law, Buyer and Sellers agree to act, and cause their respective affiliates to act, in accordance with the Allocation Agreements in any relevant Tax Returns or similar filings, and shall make any filings required by Code Sections 704(c), 743(b), 751, 755 and 1060 (if any) in accordance with the Allocation Agreements.

(i) Buyer will cause Charter LLC to file a Section 754 election with respect to its first taxable year. Buyer will not revoke, and will not cause to be revoked, the Section 754 election in effect for itself or for any of the Falcon Companies and will administer, or cause to be administered, the elections so as to reflect (A) gain recognized by the Sellers with respect to the sale of the Purchased Interests and the contribution of the Contributed Interest, and (B) gain recognized by holders of membership interests in Charter LLC arising from dispositions of their interests.

6.11 Falcon Name. The parties agree that the Falcon Companies shall retain the right to use the names "Falcon" and "Falcon Cable TV" and any and all derivations thereof with respect to the domestic U.S. cable television and related businesses conducted by the Falcon Companies from and after the Closing and that the Sellers shall retain the right to use the name "Falcon" and "Falcon International" and any and all derivatives thereof with respect to the non-U.S. cable television and related businesses conducted by certain Falcon entities.

6.12 No Recourse; Release of Claims. Anything in this Agreement or applicable law to the contrary notwithstanding, other than claims against Sellers as and to the extent expressly provided for in Section 9.4 and Section 10 of this Agreement (and other than any claim for fraud or criminal conduct), neither Buyer nor any of the Falcon Companies will have any claim or recourse against any of the Released Parties as a result of the breach of any representation, warranty, covenant or agreement of Falcon or Sellers contained herein or otherwise arising in connection with the transactions contemplated by the Transaction Documents or the business or operations of the Falcon Companies prior to the Closing. Effective as of the Closing, Buyer and each of its Subsidiaries hereby releases and forever discharges each of the Released Parties from all actions, causes of action, suits, debts and claims (other than claims for fraud or criminal conduct) arising out of facts or circumstances prior to the Closing, whether at law or in equity or otherwise, which Buyer or any of the Falcon Companies ever had or now or hereafter may have for, upon or by reason of any matter, cause or thing whatsoever related to the Falcon Companies, whether, contingent, accrued or otherwise arising out of facts or circumstances prior to the Closing; provided that the foregoing shall not limit Buyer's rights provided for in Section 10.

6.13 Exculpation and Indemnification. After the Closing, Buyer and the Falcon Companies will be bound by and will assume the same obligations to satisfy (and Buyer will cause the Falcon Companies to continue to satisfy) the rights of exculpation, indemnification and advancement of expenses to which the present and former partners, members, stockholders, directors, representatives, officers, employees and agents of the Falcon Companies and any of their respective Affiliates are entitled with respect to any matter existing or occurring prior to the Closing and/or with respect to this Agreement and the Transaction Documents, under each such Falcon Company's Organizational Documents, by contract or agreement or by resolution of the Board of Representatives or Board of Directors or other similar governing entity (as the case may be) of such Falcon Company, in accordance with the terms and conditions of any such exculpation and indemnification provisions as in effect on the date of this Agreement. Without limiting the foregoing, Buyer agrees to maintain in place for a period of not less than six years from the Closing, for the benefit of the parties mentioned in the foregoing sentence, directors' and officers' insurance, on substantially the same terms and to the same extent as presently in effect for the Falcon Companies; provided that Buyer's obligation pursuant to this sentence only shall lapse on the third anniversary of the Closing if the cost of maintaining such insurance has increased more than twofold since the Closing Date and the beneficiaries of such insurance do not elect to reimburse Buyer for the amount of any such cost increase.

6.14 Rate Regulatory Matters. Buyer acknowledges that, except as expressly represented and warranted in Section 3.11(e) and Section 3.16, Falcon is not making any representation or warranty regarding any Rate Regulatory Matter (including with respect to compliance with any Legal Requirements dealing with, limiting or affecting the rates which can be charged by cable television systems to their customers (whether for programming, equipment, installation, service or otherwise)). Accordingly, except for any right or remedy that Buyer may have arising out of a breach of the representations and warranties made by Falcon in Section 3.11(e) and Section 3.16, no Rate Regulatory Matter and no matter relating to, in connection with or resulting or arising from any Rate Regulatory Matter, or any actions taken prior to or after the date hereof by any Falcon Company to comply with or in a good faith attempt to comply with any Rate Regulatory Matter (including any rate reduction, refund, penalty or similar action having the effect of reducing the rates previously or subsequently paid by subscribers, whether instituted or implemented by or imposed on any Falcon Company and changes to rate practices instituted or implemented by or imposed on any Falcon Company), shall: (a) cause or constitute, directly or indirectly, a breach by Falcon or Sellers of any of their representations, warranties, covenants or agreements contained in this Agreement or any other Transaction Document (and such representations, warranties, covenants, and agreements shall hereby be deemed to be modified appropriately to reflect and permit the impact and existence of such Rate Regulatory Matters and to permit any action by any Falcon Company to comply with or attempt in good faith to comply with such Rate Regulatory Matters); (b) otherwise cause or constitute, directly or indirectly, a default or breach by any Falcon Company or Sellers under this Agreement or any other Transaction Document; (c) result in the failure of any condition precedent to the obligations of Buyer under this Agreement or any other Transaction Document; (d) otherwise excuse Buyer's performance of its obligations under this Agreement or any other Transaction Document; or (e) give rise to any claim for (i) any adjustment to the Aggregate Consideration or other compensation or (ii) indemnification or other claim.

6.15 Disclosure Schedules. The parties acknowledge and agree that (i) Falcon's Disclosure Schedules and Charter's Disclosure Schedules may include certain items and information solely for informational purposes for the convenience of the parties hereto and (ii) the disclosure of any matter in Falcon's Disclosure Schedules or Charter's Disclosure Schedules shall not be deemed to constitute an acknowledgment by Falcon or Sellers, in the case of Falcon's Disclosure Schedules, or Buyer in the case of Charter's Disclosure Schedules, that the matter is material.

6.16 Environmental Reports. At any time after the date hereof, Buyer shall have the right to engage an environmental consultant to conduct a Phase I environmental audit and to prepare a Phase I environmental report, and if recommended in such Phase I environmental report, a Phase II environmental audit and Phase II environmental report for any Real Property site. The cost of Phase

I and Phase II environmental audits and reports shall be borne by Buyer. The Falcon Companies shall cooperate with Buyer in all reasonable respects in connection with such Phase I and Phase II environmental audits and reports, including providing all reasonable access to their respective properties and facilities.

6.17 Year 2000 Matters. The Falcon Companies shall have taken commercially reasonable actions to implement the Year 2000 Plan and to complete implementation of the Year 2000 Plan as soon as is reasonably practicable. The Falcon Companies shall cooperate with Buyer prior to the Closing with respect to the Year 2000 Matters. Such cooperation shall include providing Buyer with status reports as Buyer may reasonably request regarding Year 2000 Matters, assisting Buyer in the refinement and implementation of the Year 2000 Plan, assisting Buyer in developing and implementing plans for Buyer to continue the Year 2000 Plan after the Closing, and using commercially reasonable efforts to implement all solutions identified as reasonably necessary to the implementation of the Year 2000 Plan by vendors, distributors and manufacturers of the Falcon Companies' computer applications.

6.18 TCI Arrangements. At the Closing, the business arrangements specified on Schedule 6.18 between the Falcon Companies and TCI or Affiliates of TCI will be terminated, except as provided in Schedule 6.18.

6.19 Restructuring. Falcon will in good faith cooperate with Buyer in examining a restructuring to be effected at or after Closing of Falcon and certain Falcon Companies, as contemplated by Buyer; provided that neither Falcon nor any of the Falcon Companies will be required to undertake any actions that would, or could reasonably be expected to (as determined by Falcon in its reasonable discretion): (i) have an adverse economic effect on Falcon, any of the Falcon Companies, any Seller or any direct or indirect equity holder of any Seller for which Buyer does not make any such party economically whole, or (ii) more than immaterially delay the Closing.

SECTION 7: CONDITIONS TO OBLIGATIONS

7.1 Conditions to Obligations of the Buyer. All obligations of Buyer at the Closing hereunder are subject to the fulfillment (or waiver at the option of Buyer) prior to or at the Closing of each of the following conditions:

(a) Representations and Warranties of Falcon and Sellers. As to the representations and warranties of Falcon set forth in Section 3 and of Sellers set forth in Section 4, (1) those representations and warranties set forth in Section 3 and Section 4 which are expressly stated to be made solely as of the date of this Agreement or another specified date shall be true and correct in all respects as of such date (without regard to the materiality or material adverse effect qualifiers set forth therein), and (2) all other representations and warranties of Falcon or Sellers set forth in Section 3 and Section 4 respectively, shall be true and correct in all respects at and as of the time of the Closing as though made at and as of that time (without regard to the materiality or material adverse effect qualifiers set forth therein); provided that for purposes of each of clauses (1) and (2) above, the representations and warranties shall be deemed true and correct in all respects to the extent that the aggregate effect of the inaccuracies in such representations and warranties as of the applicable times does not constitute a Material Adverse Effect.

(b) Covenants. Falcon and Sellers shall have performed and complied in all material respects with all covenants and agreements required by this Agreement to be performed or complied with by them prior to or at the Closing.

(c) Consents. The Material FCC Consents shall have been obtained. The aggregate number of Equivalent Subscribers as of any applicable date, in those Franchise Areas that are Transferable Franchise Areas shall be at least eighty-seven and one-half percent (87 1/2%) of the aggregate number of Equivalent Subscribers in all Franchise Areas as of the most recent month ended prior to satisfaction of this condition.

(d) Hart-Scott-Rodino. The requisite waiting period under the HSR Act shall have expired or been terminated, without the FTC or the Antitrust Division, as applicable, taking any action which has not been terminated or resolved.

(e) Judgment. There shall not be in effect on the date on which the Closing is to occur any judgment, decree, order or other prohibition of a court of competent jurisdiction having the force of law that would prevent the Closing, provided that Buyer shall have used commercially reasonable efforts to prevent the entry of any such judgment, decree, order or other prohibition and to appeal as expeditiously as possible any such judgment, decree, order or other prohibition that may be entered.

(f) Deliveries. Falcon and Sellers shall have made or stand willing to make all the deliveries to Buyer described in Section 8.2.

(g) Compliance with FIRPTA. Sellers shall have provided the Buyer with a statement, in a form reasonably satisfactory to the Buyer, pursuant to Section 1.1445-2(b)(2) of the Treasury Regulations, certifying that Sellers are not foreign persons.

(h) Material Adverse Effect. From and after the date of this Agreement until the Closing Date, no event shall have occurred which has had a Material Adverse Effect.

(i) Falcon Franchise Notice. Falcon shall have delivered to Buyer a notice that the condition set forth in the second sentence of Section 7.1(c) has been satisfied at least two (2) business days prior to the date scheduled for Closing.

7.2 Conditions to Obligations of Sellers.

All obligations of Sellers at the Closing hereunder are subject to the fulfillment (or waiver at the option of Sellers) prior to or at the Closing of each of the following conditions:

(a) Representations and Warranties. As to the representations and warranties of Buyer set forth in Section 5, (1) those representations and warranties set forth in Section 5 which are expressly stated to be made solely as of the date of this Agreement or another specified date shall be true and correct in all material respects as of such date, and (2) all other representations and warranties shall be true and correct in all material respects at and as of the Closing as though made at and as of that time.

(b) Covenants. Buyer shall have performed and complied with in all material respects all covenants and agreements required by this Agreement to be performed or complied with by them prior to or at the Closing.

(c) Hart-Scott-Rodino. The requisite waiting period under the HSR Act shall have expired or been terminated, without the FTC or the Antitrust Division, as applicable, taking any action which has not been terminated or resolved.

(d) Judgment. There shall not be in effect on the date on which the Closing is to occur any judgment, decree, order or other prohibition of a court of competent jurisdiction having the force of law that would prevent the Closing, provided that Falcon and Sellers shall have used commercially reasonable efforts to prevent the entry of any such judgment, decree, order or other prohibition and to appeal as expeditiously as possible any such judgment, decree, order or other prohibition that may be entered.

(e) Deliveries. Buyer shall have made or stand willing to make all the deliveries described in Section 8.3.

(f) Release. Sellers shall have been released from any obligations they may have under the Debt Documents and Enstar Debt Documents, pursuant to documents in form and substance reasonably satisfactory to Sellers.

SECTION 8: CLOSING AND CLOSING DELIVERIES

8.1 Closing.

(a) Closing Date.

(1) Subject to satisfaction or, to the extent permitted by law, waiver, of the closing conditions described in Section 7, and subject to Section 8.1(a)(2), 8.1(a)(3) and 8.1(a)(4), the Closing shall take place on the date specified by FHGLP by notice to Buyer, which specified date shall be no earlier than two business days and no later than five business days after satisfaction or waiver of the conditions set forth in Sections 7.1(c) and (d) and Sections 7.2(c), or on such earlier or later date as FHGLP and Buyer shall mutually agree; provided, however, (A) if pursuant to Section 2.1(b) and 6.6(b), Sellers elect a cash payment, the Closing will take place on

at least 10 days notice from FHGLP, and (B) subject to Section 8.1(a)(3) and 8.1(a)(4), the Closing shall not take place beyond the Upset Date.

(2) If on the date on which the Closing would otherwise be required to take place pursuant to Section 8.1(a)(1) (A) there shall be in effect any judgment, decree, order or other prohibition of a court of competent jurisdiction having the force of law that would prevent or make unlawful the Closing, or (B) any other circumstance beyond the reasonable control of the Falcon Companies, Sellers, or Buyer (which shall in no event include any matters relating to financing of the transactions contemplated hereby) shall exist that would prevent the Closing or the satisfaction of any of the conditions precedent to any party set forth in Section 7, then either Sellers or Buyer may, at its option, postpone the date on which the Closing is required to take place until such date, to be set by the party that elects to postpone the date for Closing pursuant to this subsection (2) on at least five business days' written notice to the other party, as soon as practicable after such judgment, decree, order or other prohibition ceases to be in effect, or such other circumstance ceases to exist; provided, however, that any postponement of the date on which the Closing is required to take place to a date beyond the Upset Date shall require the consent of both Sellers and Buyer (it being agreed that the Upset Date shall be extended one day for each day up to one year that a judgment, decree, order or other prohibition referenced in clause (A) above remains in effect).

(3) Notwithstanding anything in this Agreement to the contrary, if on the date scheduled for Closing, the Closing has not occurred because any notice period required by Section 8.1(a)(1) or (2) has not lapsed, the Upset Date shall be extended until one business day after the lapse of such period.

(4) If the date on which the Closing would otherwise be required to take place pursuant to Section 8.1(a)(1), 8.1(a)(2) or 8.1(a)(3) the Referee shall not have completed its determination pursuant to Section 2.5(a) of any of the amounts disputed by FHGLP and Buyer, then FHGLP may, at its option, postpone the date on which the Closing is required to take place until the third (3rd) business day after the date the Referee makes its final determination pursuant to Section 2.5(a); provided, however, that if such postponement results in the Closing taking place on a date after the Upset Date, the Upset Date shall be extended until one business day after the date of the Closing as postponed pursuant to this Section 8.1(a)(4).

(b) Closing Place. The Closing shall be held at the offices of Irell & Manella, LLP, 1800 Avenue of the Stars, Suite 900, Los Angeles, California, or any other place or time as FHGLP and Buyer shall mutually agree.

8.2 Deliveries by Sellers. Sellers shall deliver or cause to be delivered to Buyer the following:

(a) Purchased Interests and Contributed Interest. An assignment agreement providing for the assignment of the Purchased Interests and Contributed Interest (if applicable) by

Sellers to Buyer, in a form reasonably satisfactory to Buyer. An assignment agreement providing for the assignment of all of FHGLP's rights and interest in the NYNEX Litigation.

(b) Certificate of Falcon. A certificate executed by a duly authorized representative on behalf of Falcon, dated as of the Closing Date, certifying that the closing conditions specified in Sections 7.1(a) and (b) have been satisfied as to Falcon, except as disclosed in said certificate.

(c) Certificate of Sellers. A certificate executed by each Seller, dated as of the Closing Date, certifying that the closing conditions specified in Sections 7.1(a) and (b) have been satisfied as to such Seller, except as disclosed in such certificate.

(d) Secretaries' Certificate. A certificate executed by a duly authorized representative on behalf of Falcon, dated as of the Closing Date, providing, as attachments thereto, to the extent available, certificates of Good Standing for each of the Falcon Companies certified by an appropriate state official of the State of their organization, all certified by such state officials as of a date not more than fifteen days before the Closing Date.

(e) Consents. Copies of Consents which have been obtained by Falcon or any of the Falcon Companies prior to the Closing.

(f) Opinion of Counsel. An opinion of Dow, Lohnes & Albertson, PLLC, counsel to Sellers (other than TCI), dated as of the Closing Date, substantially in the form of Exhibit G-1 hereto; an opinion of Fleischman and Walsh, L.L.P., counsel to Falcon, dated as of the Closing Date, substantially in the form of Exhibit G-2 hereto; and an opinion of Sherman & Howard L.L.C., counsel to TCI, dated as of the Closing Date, substantially in the form of Exhibit G-3.

(g) Adjustment Escrow Agreement. The Adjustment Escrow Agreement, duly executed by Sellers and the Adjustment Escrow Agent, if required pursuant to Section 2.5(b).

(h) Securities Releases. If, as of the Closing Date, there are outstanding any options, warrants or other similar claims or securities in respect of the Equity Interests of the Falcon Companies (collectively, "Options"), other than Options held by any Falcon Company, releases, in form and substance reasonably acceptable to Buyer, executed by each holder of such Options, releasing and terminating such Options and all rights of such holder thereunder.

(i) Releases. A release, duly executed by each Seller, substantially in the form of Exhibit H hereto.

(j) Other Transaction Documents. If FHGLP contributes the Contributed Interest to Charter LLC pursuant to Section 2.1(b), the Put Agreement, the Registration Rights Agreement, the Charter LLC Operating Agreement, and the Exchange Agreement (to the extent each is agreed to prior to Closing), each duly executed by FHGLP or the appropriate distributee of FHGLP.

8.3 Deliveries by Buyer. Prior to or at the Closing, Buyer shall deliver, or cause to be delivered, to Sellers the following:

(a) Aggregate Consideration.

(1) An assumption agreement providing for the assumption by Buyer of the Assumed Liabilities, in a form reasonably satisfactory to Sellers.

(2) As provided in Section 2.6, the cash portion of the Net Closing Payment to Sellers, by wire or accounts transfer of immediately available funds to one or more accounts designated by FHGLP in Part V of the Allocation Notice.

(3) As and to the extent provided by Section 2.5(b), the Adjusted Escrow Amount to the Adjustment Escrow Agent, by wire or accounts transfer of immediately available funds to the account specified in the Adjustment Escrow Agreement.

(4) As provided in Section 6.7, if applicable, satisfaction and discharge of all obligations of the Falcon Companies and the Sellers in respect of the Senior Debt and the Credit Agreement, the MONY Notes and the MONY Agreement, and the related Debt Documents, and the Enstar Credit Agreement, and the related Enstar Debt Documents.

(b) Officers' Certificate. A certificate executed by Buyer, dated as of the Closing Date, certifying that the closing conditions specified in Sections 7.2(a) and (b) have been satisfied, except as disclosed in said certificate.

(c) Secretaries' Certificate. A certificate executed by Buyer, dated as of the Closing Date, (1) certifying that the resolutions, as attached to said certificate, were duly adopted by the Board of Directors and shareholders (if applicable) of Buyer, authorizing and approving the execution by Buyer of this Agreement and the other Transaction Documents to which it is a party and the consummation of the transactions contemplated hereby and thereby and that such resolutions remain in full force and effect; and (2) providing, as attachments thereto, a Certificate of Good Standing for Buyer certified by an appropriate state official of the State of Delaware, certified by such state official as of a date not more than fifteen days before the Closing Date.

(d) Opinion of Counsel. An opinion of counsel to Buyer, dated as of the Closing Date, substantially in the form of Exhibit I hereto.

(e) Adjustment Escrow Agreement. The Adjustment Escrow Agreement, duly executed by Buyer and the Adjustment Escrow Agent if required pursuant to Section 2.5(b).

(f) Releases. The releases of Sellers under the Debt Documents and Enstar Debt Documents referred to in Section 6.7 and 7.2.

(g) Other Transaction Documents. If FHGLP contributes the Contributed Interests to Charter LLC pursuant to Section 2.1(b), the Put Agreement, duly executed by Paul Allen, the Registration Rights Agreement, duly executed by PublicCo if required at the Closing by Section 6.6(f), the Charter LLC Operating Agreement duly executed by Buyer and Charter LLC (if agreed to prior to Closing) and the Exchange Agreement, duly executed by PublicCo if required at the Closing by Section 6.6(f) (to the extent each is agreed to prior to Closing); and the Amended Falcon Partnership Agreement, duly executed by Buyer and Charter LLC, in a form reasonably acceptable to FHGLP.

SECTION 9: TERMINATION

9.1 Agreement between Sellers and Buyer. This Agreement may be terminated at any time prior to the Closing and the purchase and sale of the Purchased Interests abandoned, by written agreement among the parties hereto.

9.2 Termination by Sellers. This Agreement may be terminated at any time prior to the Closing by Sellers and the purchase and sale of the Purchased Interests abandoned, upon written notice to Buyer, upon the occurrence of any of the following:

(a) Conditions. If on any date determined for the Closing in accordance with Section 8.1, each condition set forth in Section 7.1 has been satisfied (or will be satisfied by the delivery of documents at the Closing) or waived in writing by Buyer on such date and either (i) a condition set forth in Section 7.2 has not been satisfied (or will not be satisfied by the delivery of documents at the Closing) or waived in writing by Sellers on such date or (ii) Buyer has nonetheless refused to consummate the Closing, provided that Buyer shall have five days to cure such matter after receipt of notice of Seller's intent to terminate pursuant to this Section 9.2(a). Notwithstanding the foregoing, Sellers may not rely on the failure of any condition set forth in Section 7.2 to be satisfied if such failure was principally caused by Sellers' or any Falcon Company's failure to act in good faith or a breach of or failure to perform any of its representations, warranties, covenants or other obligations in accordance with the terms of this Agreement.

(b) Upset Date. If the Closing shall not have occurred on or prior to the Upset Date as extended as provided in Section 8.1(a)(3) or Section 8.1(a)(4), unless the failure of the Closing to occur was principally caused by Sellers' or any Falcon Company's failure to act in good faith or a breach of or failure to perform any of its representations, warranties, covenants or other obligations in accordance with the terms of this Agreement.

9.3 Termination by Buyer. This Agreement may be terminated at any time prior to the Closing by Buyer and the purchase and sale of the Purchased Interests abandoned, upon written notice to Sellers, upon the occurrence of any of the following:

(a) Conditions. If on any date determined for the Closing in accordance with Section 8.1, each condition set forth in Section 7.2 has been satisfied (or will be satisfied by the delivery of documents at the Closing) or waived in writing by Sellers on such date and either (i) a condition set forth in Section 7.1 has not been satisfied (or will not be satisfied by the delivery of documents at the Closing) or waived in writing by Buyer on such date or (ii) Sellers have nonetheless refused to consummate the Closing; provided that Sellers shall have five days to cure such matter after receipt of notice of Buyer's intent to terminate pursuant to this Section 9.3(a). Notwithstanding the foregoing, Buyer may not rely on the failure of any condition set forth in Section 7.1 to be satisfied if such failure was principally caused by Buyer's or Charter's failure to act in good faith or a breach of or failure to perform any of its representations, warranties, covenants or other obligations in accordance with the terms of this Agreement.

(b) Upset Date. If the Closing shall not have occurred on or prior to the Upset Date as extended as provided in Section 8.1(a)(3) or Section 8.1(a)(4), unless the failure of the Closing to occur was principally caused by any Buyer's or Charter's failure to act in good faith or a breach of or failure to perform any of its representations, warranties, covenants or other obligations in accordance with the terms of this Agreement.

9.4 Effect of Termination. If this Agreement is terminated as provided in this Section 9, then this Agreement will forthwith become null and void and there will be no liability on the part of any party to any other party or any other Person in respect thereof, provided that:

(a) Surviving Obligations. The obligations of the parties described in Sections 6.2, 9.4, 9.5 and 11.1 (and all other provisions of this Agreement relating to expenses) will survive any such termination.

(b) Withdrawal of Applications. All filings, applications and other submissions relating to the consummation of the transaction contemplated hereby shall, to the extent practicable, be withdrawn from the Governmental Authority or other Person to whom made.

(c) Willful Breach by Buyer. No such termination will relieve Buyer from liability for a willful breach by Buyer of this Agreement (which shall in all events include, without limitation, a failure to pay the Cash Consideration or the Equity Consideration and discharge the Senior Debt and the Credit Agreement). If Sellers terminate this Agreement pursuant to Section 9.2(a) because Buyer wrongfully refuses to close after all conditions precedent to its obligations have been satisfied, (i) Buyer shall, immediately upon written notice from Sellers of such breach, make a payment in cash (by wire transfer of immediately available funds to an account or accounts designated by Sellers) to Sellers of Two Hundred Million Dollars ($200,000,000); and (ii) in addition to such payment, Sellers and Falcon shall have all rights and remedies available at law and equity, including additional monetary damages (for example, to compensate the Sellers for any diminution in the market value of the Falcon Companies). Buyer agrees that the foregoing payment referred to in clause (i) of the forgoing sentence is a reasonable estimate of the damages that will be suffered by Sellers and the Falcon Companies in the event of such a breach by Buyer as a result of the foregone opportunity to complete an initial public offering and other commercial, partnership and corporate opportunities foregone as a result of entering into the Purchase Agreement, that such payment does not include amounts in respect of the category of damages referred to in clause (ii) above relating to diminution in value and does not constitute a penalty, and Buyer hereby waives any defense that such amount is a penalty or is otherwise not enforceable. Sellers agree that notwithstanding the foregoing, any amounts paid in respect of damages described in clause (i) above will be credited against any payment required for damages described in clause (ii) above.

(d) Willful Breach by Falcon or Sellers. No such termination will relieve Seller or Falcon from liability for a willful breach of this Agreement. If Buyer terminates this Agreement pursuant to Section 9.3(a) because Falcon wrongfully refuses to close after all conditions precedent to its obligations have been satisfied, Buyer shall have all rights and remedies available at law or equity, including the remedy of specific performance, against Falcon. No such termination will relieve any Seller from liability for its willful breach of this Agreement. If Buyer terminates this Agreement pursuant to Section 9.3(a) because any Seller wrongfully refuses to close after all conditions precedent to its obligations have been satisfied, Buyer shall have all rights and remedies available at law or equity, including the remedy of specific performance against such breaching Seller.

(e) No Recourse. Anything in this Agreement or applicable law to the contrary notwithstanding, in the event this Agreement is terminated as provided in this Section 9:

(1) Buyer will not have any claim or recourse against any of the Sellers, or any of their respective officers, directors, shareholders, members, partners, employees, agents or Affiliates (other than Falcon) as a result of the breach of any representation, warranty, covenant or agreement of Falcon contained herein or otherwise arising out of or in connection with the transactions contemplated by this Agreement or the business or operations of the Falcon Companies prior to the Closing. Buyer's sole recourse shall be against Falcon.

(2) No Seller or Falcon Company will have any claim or recourse against Buyer's respective officers, directors, shareholders, members, partners, employees, agents or Affiliates as a result of the breach of any representation, warranty, covenant or agreement of Buyer contained herein or otherwise arising out of or in connection with the transactions contemplated by this Agreement or the compliance by Buyer with its covenants prior to the Closing. The Sellers' and Falcon's sole recourse shall be against Buyer.

9.5 Attorneys' Fees. Notwithstanding any provision in this Agreement that may limit or qualify a party's remedies, in the event of a default by any party that results in a lawsuit or other proceeding for any remedy available under this Agreement, the prevailing party shall be entitled to reimbursement from the defaulting party of its reasonable legal fees and expenses (whether incurred in arbitration, at trial, or on appeal).

SECTION 10: SURVIVAL

10.1 Survival.

None of the representations and warranties of Falcon or Sellers set forth herein shall survive the Closing, except for: (i) the representation and warranty of the respective Seller set forth in Section 4.4(a) as to the title to the Purchased Interests of such Seller, which shall survive indefinitely, and (ii) the representations and warranties of Falcon set forth in the second and fifth sentences of Section 3.3(b), which shall also survive indefinitely, and (iii) the representation of Falcon set forth in Section 3.12 with respect to income Taxes, which shall survive for the applicable statute of limitations period. Sellers will indemnify and hold Buyer harmless from and against all losses and damages arising out of any breach of any representation and warranty that survives the Closing so long as such representation and warranty survives as provided in the preceding sentence, provided that no Seller shall have any liability for a breach by another Seller of the representation and warranty referred to in clause (i) above, and each Seller's liability for a breach by Falcon of the representations and warranties referred to in clauses (ii) and (iii) above shall be limited to its proportionate share of the losses and damages based on its proportionate share of the Aggregate Consideration. None of the covenants and agreements of Sellers set forth herein shall survive the Closing, other than the agreements of Sellers contained in Sections 2.6(b)(1)(B), 6.2(b), 6.4(e), 6.4(g) (if applicable), 6.10, 11.1, 11.2, 11.3, 11.4, 11.5, 11.6, 11.7, 11.8, 11.9, 11.10 and 11.11, which shall survive the Closing until performed and discharged in full. None of the representations and warranties of Buyer set forth herein shall survive the Closing. The covenants and agreements of Buyer set forth herein to be discharged in full prior to the Closing shall not survive the Closing. All covenants and agreements of Buyer set forth herein to be performed in whole or in part after the Closing shall survive the Closing until performed and discharged in full. Notwithstanding anything in this Section 10.1 to the contrary, this Section 10.1 shall not apply to any representations, warranties, covenants or agreements set forth in the other Transaction Documents, which shall be governed by their respective terms.

SECTION 11: MISCELLANEOUS

11.1 Fees and Expenses. Except as otherwise provided in this Agreement, each party shall pay its own expenses incurred in connection with the authorization, preparation, execution, and performance of this Agreement, including all fees and expenses of counsel, accountants, agents, and representatives.

11.2 Notices. All notices, demands, and requests required or permitted to be given under the provisions of this Agreement shall be in writing, may be sent by telecopy (with automatic machine confirmation), delivered by personal delivery, or sent by commercial delivery service or certified mail, return receipt requested, shall be deemed to have been given on the date of actual receipt, which may be conclusively evidenced by the date set forth in the records of any commercial delivery service or on the return receipt, and shall be addressed to the recipient at the address specified below, or with respect to any party, to any other address that such party may from time to time designate in a writing delivered in accordance with this Section 11.2:

If to Falcon or Sellers: Falcon Cable TV
10900 Wilshire Boulevard
15th Floor
Los Angeles, CA 90024
Attention: Marc B. Nathanson, CEO
and
Stanley Itskowitch, Executive Vice President and General Counsel
Telephone: (310) 209-7313
Telecopier: (310) 209-7239

and

TCI Falcon Holdings, LLC
9197 South Peoria Street
Englewood, Colorado 80112
Attention: Derek Chang
Telephone: (720) 875-5241
Telecopier: (720) 875-5396

with a copy (which shall not constitute notice) to:

Dow, Lohnes & Albertson
1200 New Hampshire Avenue, N.W.
Suite 800
Washington, D.C. 20036-6802
Attention: Leonard J. Baxt, Esq.
and
John T. Byrnes, Esq.
Telephone: (202) 776-2000
Telecopier: (202) 776-2222

and

Goldman & Kagon
1801 Century Park East
Suite 2222
Los Angeles, California 90067
Attention: Richard D. Goldman, Esq.
Telephone: (310) 552-1707
Telecopier: (310) 552-7938

and

Sherman & Howard
633 17th Street
Suite 3000
Denver, Colorado 80202
Attention: Peggy Knight, Esq.
Telephone: (303) 299-8140
Telecopier: (303) 298-0940

If to Buyer:

Charter Communications, Inc.
12444 Powerscourt Drive, Suite 100
St. Louis, Missouri 63131
Attention: Jerald L. Kent, President & C.E.O.
(with a copy to Curtis S. Shaw, Senior Vice President and General Counsel)
Telephone: (314) 965-0555
Telecopier: (314) 965-8793

with a copy (which should not constitute notice) to:

Irell & Manella LLP
1800 Avenue of the Stars, Suite 900
Los Angeles, California 90067-4276
Attention: Alvin G. Segel, Esq.
Telephone: (310) 277-1010
Telecopier: (310) 203-7199

11.3 Benefit and Binding Effect. This Agreement shall be binding upon and inure to the benefit of the parties hereto (and, in the case of Sections 6.9, 6.12 and 6.13, the parties specified therein) and their respective successors and permitted assigns; provided that (a) neither this Agreement nor any of the rights, interests or obligations hereunder may be assigned by Falcon or Sellers without the prior written consent of Buyer (which consent shall not be unreasonably withheld or delayed), and (b) neither this Agreement nor any of the rights, interests or obligations hereunder may be assigned by Buyer without the prior written consent of Sellers (which consent shall not be unreasonably withheld or delayed), except (i) Buyer may, upon notice to Sellers, assign all or a portion of its rights, but not its obligations, hereunder to an Affiliate of Buyer, as long as such assignment does not hinder or delay the consummation of the transactions contemplated hereby and by the other Transaction Documents. Consent shall be deemed to be reasonably withheld if the consenting party reasonably determines that the assignment would be reasonably likely to hinder or delay the Closing or adversely affect the payment of the Aggregate Consideration at the Closing or the performance of any covenants or agreements of Buyer. Buyer also agrees that Sellers may distribute the Purchase Consideration or their right to receive the Purchase Consideration to their respective stockholders, partners and members. This Agreement is not intended to confer upon any Person other than the parties hereto (and, in the case of Sections 6.9, 6.12 and 6.13, the parties specified therein) any rights or remedies hereunder.

11.4 Further Assurances. After the Closing the parties shall take any actions and execute any other documents that may be necessary or desirable to the implementation and consummation of this Agreement upon the reasonable request of any other party, at the expense of the requesting party.

11.5 GOVERNING LAW. THIS AGREEMENT SHALL BE GOVERNED, CONSTRUED, AND ENFORCED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK (WITHOUT REGARD TO THE CHOICE OF LAW PROVISIONS THEREOF).

11.6 WAIVER OF JURY TRIAL. EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY WAIVES ALL RIGHT TO TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM (WHETHER BASED ON CONTRACT, TORT OR OTHERWISE) ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE ACTIONS OF ANY PARTY IN THE NEGOTIATION, PERFORMANCE OR ENFORCEMENT HEREOF.

11.7 Severability. Any provision (or portion thereof) of this Agreement that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining portion of such provision or the other provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall (to the full extent permitted by applicable law) not invalidate or render unenforceable such provision in any other jurisdiction. Notwithstanding the foregoing, in the event of any such determination the effect of which is to affect materially and adversely any party, the parties shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible to the fullest extent permitted by applicable law in an acceptable manner to the end that the transactions contemplated hereby are fulfilled and consummated to the maximum extent possible.

11.8 Entire Agreement. This Agreement, the Disclosure Schedules and the Exhibits hereto, the other Transaction Documents to be delivered by the parties pursuant to this Agreement and the Confidentiality Agreement collectively represent the entire understanding and agreement between Buyer, Falcon and Sellers with respect to the subject matter hereof and thereof and supersede all prior agreements, understandings and negotiations between the parties. Buyer acknowledges that none of Falcon or Sellers has made any, or makes any, promises, representations, warranties, covenants or undertakings, express or implied, other than those expressly set forth in this Agreement, the other Transaction Documents and the Confidentiality Agreement.

11.9 Amendments; Waiver of Compliance; Consents. This Agreement may be amended and any provision of this Agreement may be waived; provided that any such amendment or waiver (a) will be binding upon Falcon or Sellers prior to the Closing only if such amendment or waiver is set forth in a writing executed by Falcon and Sellers, (b) will be binding upon Sellers after the Closing only if such amendment or waiver is set forth in a writing executed by Sellers and (c) will be binding upon Buyer only if such amendment or waiver is set forth in a writing executed by Buyer.

11.10 Counterparts. This Agreement may be signed in counterparts with the same effect as if the signature on each counterpart were upon the same instrument.

11.11 Specific Performance. The parties recognize that in the event Sellers should refuse to perform at the Closing any of its obligations under the provisions of this Agreement, monetary damages alone will not be adequate. Buyer shall therefore be entitled, in addition to any other remedies which may be available, including money damages, to obtain specific performance of any of the obligations of the Sellers under the provisions of this Agreement to be performed at Closing, without the requirement of posting a bond or other security. In the event of any action to enforce this Agreement specifically pursuant to this Section 11.12, Sellers hereby waive the defense that there is an adequate remedy at law.

11.12 Tax Consequences. No party to this Agreement makes any representation or warranty, express or implied, with respect to the Tax implications of any aspect of this Agreement on any other party to this Agreement, and all parties expressly disclaim any such representation or warranty with respect to any Tax consequences arising under this Agreement. Each party has relied solely on its own Tax advisors with respect to the Tax implications of this Agreement.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK;
SIGNATURES ON FOLLOWING PAGES]

IN WITNESS WHEREOF, this Agreement has been executed by each of Buyer, Falcon and Sellers as of the date first written above.

SELLERS:

FALCON HOLDING GROUP, L.P.

By: Falcon Holding Group, Inc.,
General Partner

By: /s/ Stanley S. Itskowitch

Name: Stanley S. Itskowitch
Title: Executive Vice President

TCI FALCON HOLDINGS, LLC

By: /s/ Derek Chang

Name: Derek Chang
Title: Vice President

FALCON HOLDING GROUP, INC.

By: /s/ Stanley S. Itskowitch

Name: Stanley S. Itskowitch
Title: Executive Vice President

FALCON CABLE TRUST

By: /s/ Marc B. Nathanson

Name: Marc B. Nathanson
Title: Trustee

DHN INC.

By: /s/ Stanley S. Itskowitch

Name: Stanley S. Itskowitch
Title: Executive Vice President

BUYER:

CHARTER COMMUNICATIONS, INC.

By: /s/ Curtis S. Shaw

Name: Curtis S. Shaw
Title: Senior Vice President

FALCON:

FALCON COMMUNICATIONS, L.P.

By: Falcon Holding Group, L.P.,
General Partner

By: Falcon Holding Group, Inc.
General Partner

By: /s/ Stanley S. Itskowitch

Name: Stanley S. Itskowitch
Title: Executive Vice President

By: TCI Falcon Holdings, LLC,
General Partner

By: /s/ Derek Chang

Name: Derek Chang
Title: Vice President

[THIS IS A SIGNATURE PAGE
TO THE PURCHASE AGREEMENT]

EXHIBIT B

PUT AGREEMENT

This Put Agreement ("Agreement") is made as of the ___ day of _____, by and between Paul G. Allen, an individual ("Allen"), and Falcon Holding Group, L.P., a Delaware corporation (the "Holder"), with reference to the following facts:

A. Charter Communications, Inc. ("Charter") is a party to that certain Purchase and Contribution Agreement (the "Purchase and Contribution Agreement"), dated May ____, 1999, pursuant to which Charter and its affiliates have acquired all of the outstanding equity of Falcon Communications, L.P., and certain of its affiliated entities. Allen is the controlling stockholder of Charter and expects to derive benefit from the transactions contemplated by the Purchase and Contribution Agreement.

B. Under the Purchase and Contribution Agreement, the Holder has acquired __________ units of limited liability company interests in __________ ("Charter LLC"), which are exchangeable for shares of common stock of __________ ("PublicCo").

C. As an inducement for the Holder to enter into the Purchase and Contribution Agreement, Charter agreed that Allen would grant the Holder the Put Option provided for herein, and the execution and delivery of this Agreement by Allen was a condition to the Holder's performance of its obligations under the Purchase and Contribution Agreement.

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 PublicCo common stock, (i) the last reported sales price, regular way, as reported on the principal national securities exchange on which shares of PublicCo common stock are listed or admitted for trading or (ii) if shares of PublicCo 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 PublicCo 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.

"Interests" means all limited liability company interests in Charter LLC issued to the Holder pursuant to the Purchase and Contribution Agreement, all shares of common stock of PublicCo issued in exchange for such limited liability company interests in Charter LLC, and all other securities that constitute "Interests" in accordance with Section 5 of this Agreement.

"IPO Price" means the price per share at which shares of common stock of PublicCo are sold to the price in PublicCo's initial public offering (without reduction for underwriters' fees, discounts, commissions, and other selling expenses).

"Issuer" means the issuer of the Interests.

"Minimum Amount" means the least of (i) Interests for which the Purchase Price under this Agreement is at least $50,000,000, (ii) Interests representing at least 50% of the equity represented by all Interests issued to the Holder pursuant to the Purchase and Contribution Agreement, or (iii) all Interests that are 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 7 by written notice delivered to Allen, to sell to Allen or his designee, from time to time, on one or more occasions, all or any portion of the Holder's Interests 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 5.4, the Holder shall be obligated to sell, the amount of the Holder's Interests 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 $____ per unit of limited liability company interests in Charter LLC 1 represented by the Interests to be purchased and sold (calculated in accordance with Section 5, 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 the closing under the Purchase and Contribution Agreement through the closing of the purchase and sale of the Interests hereunder (the "Closing").

3.2 At each Closing, (a) Allen or his designee shall pay to the Holder the Purchase Price in immediately available funds by wire transfer or certified bank check; and (b) the Holder shall deliver to Allen or his designee one or more certificates evidencing the Interests to be purchased and sold at such Closing (if such Interests are certificated securities), together with duly executed assignments separate from certificate in form and substance sufficient to effectuate the transfer of such Interests to Allen or his designee, together with a certificate of the Holder and its Permitted Transferee, if applicable, reaffirming the representations in Section 4; provided, however, that the Holder shall not be required to take any actions or deliver any documents to satisfy any restrictions imposed by the Issuer on the transfer of the Interests.

3.3 Each Closing shall be held at the offices of Irell & Manella in Los Angeles, California, on the tenth business day after the Holder delivers the written notice described above, 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.

____

(1) The amount per unit will be inserted upon execution and will equal the Equity Value (as defined in the Purchase and Contribution Agreement) divided by the total number of units issued to Falcon Holding Group, L.P. at the closing under the Purchase and Contribution Agreement.

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 will own all of the Interests 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 Interests), other than those arising under applicable law and those arising under the organizational documents of the Issuer; (d) upon the transfer of the Interests pursuant to Section 3, Allen or his designee will receive good title to the Interests, free and clear of all liens, encumbrances and adverse interests created by the Holder, other than those arising under applicable law or those arising under the organizational documents of the Issuer.

5. Adjustment for Exchange, Reorganizations, Stock Splits, etc.

5.1 Upon the exchange of Interests consisting of units of limited liability company interests in Charter LLC for Interests consisting of shares of common stock of PublicCo, the Purchase Price per share for such shares of common stock of PublicCo shall equal the aggregate Purchase Price for all Interests immediately prior to such exchange, as specified in Section 3.1, as it may have been adjusted pursuant to this Section 5, divided by the number of shares of common stock of PublicCo issued in exchange for such units, subject to further adjustment pursuant to this Section 5.

5.2 If the Interests are increased, decreased, changed into, or exchanged for a different number or kind of shares or securities of the Issuer 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 for unit of any security covered by the Put Option. Any shares or securities that become subject to the Put Option pursuant to this Section 5.2 shall constitute "Interests" for purposes of this Agreement.

5.3 Upon a reorganization, merger or consolidation of the Issuer with one or more other corporations or entities (any of the foregoing, a "Business Combination") pursuant to which the outstanding Interests are 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 "Interests" 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 Interests pursuant to such Business Combination at a price per share or unit of Replacement Securities equal to the aggregate Purchase Price for all Interests 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 5.3 shall constitute "Interests" for purposes of this Agreement.

5.4 In the event of any proposed Business Combination pursuant to which the outstanding Interests will be converted into a right to receive consideration other than securities of the Issuer 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 Interests that are 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 5.4, the purchase and sale of any of the Interests 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 5.4.

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; and (b) this Agreement constitutes the legal, valid and binding obligation of Allen, enforceable against Allen in accordance with its terms.

7. Termination of Put Option.

7.1 The Put Option shall terminate on the earliest of the following dates, except with respect to any Interests that are specified in a notice delivered by the Holder pursuant to Section 2 prior to such earliest date:

(a) the second anniversary of the date of the closing under the Purchase and Contribution Agreement;

(b) the date specified in Section 5.4; and

(c) the first date on which both of the following conditions are satisfied:

(i) the Closing Price of PublicCo 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 and Contribution Agreement); and

(ii) all shares of PublicCo common stock then held by the Holder and subject to the Put Option (or all shares of PublicCo common stock that the Holder may then acquire in exchange for limited liability company interests in Charter LLC that are held by the Holder 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 Interests on the date on which such Interests are first transferred by the Holder 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 PublicCo common stock occurring after the consummation of PublicCo'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:

Falcon Holding Group, L.P.
10900 Wilshire Blvd., 15th Floor
Los Angeles, California 90024
Attention: Marc B. Nathanson
Telecopy: (310) 208-3655

with a copy to:

Dow, Lohnes & Albertson
1200 New Hampshire Avenue, N.W.
Suite 800
Washington, D.C. 20036-6802
Attention: Leonard J. Baxt
Telecopy: (202) 776-2222

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 may transfer some or all of its Interests to any person or entity that is a partner of the Holder at the time of the transfer (each such person or entity, a "Permitted Transferee"), and the Holder may assign its rights under this Agreement with respect to the transferred Interests, without the consent of Allen, to such Permitted Transferee.

(b) Upon the transfer of Interests to any Permitted Transferee and the assignment to such Permitted Transferee of the Holder's rights under this Agreement with respect to the transferred Interests, Allen and the Permitted Transferee will enter into a Put Agreement in the form of Attachment A-1 or Attachment A-2 to this Agreement, and Allen and the Permitted Transferee will thereupon have the rights and be subject to the obligations set forth in such Put Agreement.

(c) Allen is entitled, in his sole discretion, to assign his rights to purchase any Interests 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 Interests 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

Falcon Holding Group, L.P.

By: Falcon Holding Group, Inc., its general partner

By: _________________________________
Name:
Title:

EXHIBIT C

REGISTRATION RIGHTS AGREEMENT

THIS REGISTRATION RIGHTS AGREEMENT (the "Agreement"), dated as of __________, is entered into by and among [Charter], a Delaware corporation ("Charter") and the other Persons executing this Agreement.

PRELIMINARY STATEMENTS

In connection with the consummation of the transactions contemplated by the Purchase and Contribution Agreement, dated as of May __, 1999 (the "Purchase Agreement"), among Charter Communications, Inc., Falcon Holding Group, L.P., and certain other parties, Falcon Holding Group, L.P. acquired membership interests in [New Charter LLC]. Falcon Holding Group, L.P. subsequently distributed the membership interests in [New Charter LLC] to the parties to this Agreement (other than [itself and] Charter). Pursuant to the Exchange Agreement, the holder of a membership interest in [New Charter LLC] may exchange its membership interest for shares of Common Stock.

As a result of such transactions, each of the parties to this Agreement (other than Charter), either holds a membership interest in [New Charter LLC] and has the right to exchange its membership interest in [New Charter LLC] for shares of Common Stock or holds shares of Common Stock that were issued in exchange for a membership interest in [New Charter LLC].

In the Purchase Agreement, Charter Communications, Inc. agreed that Charter would enter into this Agreement to provide for certain registration rights with respect to the shares of Common Stock issued or issuable in exchange for membership interests in [New Charter LLC].

NOW, THEREFORE, in consideration of the premises and of the mutual agreement and covenants hereinafter set forth and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Certain Definitions.

1.1 Terms Defined in this Section. For purposes of this Agreement, the following terms have the following meanings:

"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.

"Charter Indemnified Parties" means Charter, its officers, directors, employees, and agents, and each Person, if any, who controls Charter within the meaning of either the Securities Act or the Exchange Act, and the officers, directors, employees, and agents of the foregoing parties.

"Common Stock" means the [Series __] Common Stock, par value $__________ per share, of Charter and any securities into or for which such securities are converted or exchanged by Charter.

"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 Agreement" means __________.

"Indemnified Party" means a Person claiming a right to indemnification pursuant to Section 6 of this Agreement.

"Indemnifying Party" means a Person required to provide indemnification pursuant to Section 6 of this Agreement.

"IPO" means the initial primary underwritten public offering of shares of Common Stock by Charter.

"Losses" means any losses, claims, damages, or liabilities, and any related legal or other fees and expenses.

"Nathanson Stockholder Group" means a group of Stockholders consisting of each of the following Persons (so long as it is a Stockholder):

(i) Falcon Holding Group, Inc., Falcon Cable Trust, Nathanson Family Trust, Blackhawk Holding Company, Inc., Advance Company, Ltd., Advance TV of California, Inc., Greg Nathanson, Lilliane Vladimirschi, Marc B. Nathanson, any member of Marc B. Nathanson's family, any Person controlled by Marc B. Nathanson or one or more members of his family, and any trust or similar entity for the benefit of Marc B. Nathanson or one or more members of his family, and

(ii) any Person (other than Stanley S. Itskowitch) to whom any Registrable Securities or rights to acquire Registrable Securities are transferred by any Person that was, immediately prior to such transfer, a member of the Nathanson Stockholder Group.

"Non-Nathanson Stockholder Group" means a group of Stockholders consisting of all Stockholders other than the members of the Nathanson Stockholder Group.

"Person" means any individual, corporation, partnership, limited partnership, limited liability partnership, limited liability company, trust, association, organization, or other entity.

"Prospectus" means the prospectus included in a Registration Statement as of the date it becomes effective under the Securities Act and, in the case of references to the Prospectus as of a date subsequent to the effective date of the Registration Statement, as amended or supplemented as of such date, including all documents incorporated by reference therein, each as amended, and each applicable prospectus supplement relating to the offering and sale of any of the Registrable Securities pursuant to such Registration Statement.

"Registrable Securities" means:

(i) any shares of Common Stock that are issued or issuable to a Stockholder in exchange for membership interests in [New Charter LLC], pursuant to the Exchange Agreement, and

(ii) any securities of Charter or its successors issued or issuable with respect to any shares referred to in paragraph (i) whether by way of conversion, exchange, dividend, or stock split or in connection with a combination of shares, recapitalization, merger, consolidation, or other reorganization or otherwise.

Securities that are Registrable Securities will cease to be Registrable Securities:

(i) when a registration statement with respect to the sale of such securities has become effective under the Securities Act and such securities have been disposed of in accordance with such registration statement,

(ii) when such securities shall have been sold pursuant to Rule 144 or Rule 145 (or any successor provisions) under the Securities Act or in any other transaction in which the applicable purchaser does not receive "restricted securities" (as that term is defined for purposes of Rule 144 under the Securities Act),

(iii) on the first date on which such securities can be sold without regard to the volume and manner of sale limitations set forth in Rule 144 (or any successor provision), or

(iv) when such securities cease to be outstanding.

"Registration Statement" means a registration statement (including the related Prospectus) of Charter under the Securities Act on any form selected by Charter for which Charter then qualifies and which permits the sale thereunder of the number and type of Registrable Securities (and any other securities of Charter) to be included therein in accordance with this Agreement by the applicable sellers in the manner described therein. The term "Registration Statement" shall also include all exhibits, financial statements, and schedules and all documents incorporated by reference in such Registration Statement when it becomes effective under the Securities Act, and in the case of the references to the Registration Statement as of a date subsequent to the effective date, as amended or supplemented as of such date.

"Rule 144-Eligible Securities" means Registrable Securities that can then be sold by the Stockholder owning such Registrable Securities without registration under the Securities Act pursuant to Rule 144 (or any successor provision) under the Securities Act. Except as provided in Section 3.1(d), any reference in this Agreement to "Registrable Securities" that does not expressly exclude Rule 144-Eligible Securities shall be interpreted as a reference to all Registrable Securities, including all Rule 144-Eligible Securities.

"SEC" means the Securities and Exchange Commission, or any other federal agency at the time administering the Securities Act or the Exchange Act.

"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.

"Selling Stockholder" means any Stockholder whose Registrable Securities are included at the request of such Stockholder in any Registration Statement pursuant to Section 2 or Section 3.

"Stockholder" means each party to this Agreement who owns Registrable Securities or has the right to acquire Registrable Securities pursuant to the Exchange Agreement and any other Person:

(i) to whom any Registrable Securities or any rights to acquire any Registrable Securities are transferred by any Person that was, immediately prior to such transfer, a Stockholder,

(ii) who continues to hold such Registrable Securities or the right to acquire such Registrable Securities,

(iii) to whom the transferring Stockholder has assigned any of its rights under this Agreement, in whole or in part, in accordance with the provisions of Section 8.6 of this Agreement with respect to such Registrable Securities, and

(iv) who has executed a counterpart hereof in connection with the transfer of such Registrable Securities.

"Stockholder Group" means the Nathanson Stockholder Group or the Non-Nathanson Stockholder Group.

"Stockholder Indemnified Parties" means each Selling Stockholder, its officers, directors, employees, and agents, each Person (if any) who controls such Selling Stockholder within the meaning of either the Securities Act or the Exchange Act, and the officers, directors, employees, and agents of the foregoing parties.

"Third-Party Demand Stockholder" means any Person having the right to require that Charter effect a registration under the Securities Act of securities owned by such Person, other than pursuant to this 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
Demand Registration	Section 2.1
Demanding Stockholders	Section 2.2(c)
Incidental Registration	Section 3.1(a)
Initiating Stockholder	Section 2.2(a)
Material Event	Section 2.6(a)
Minimum Condition	Section 2.2(d)

Term	Section
Registration Expenses	Section 5.1

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.

2. Demand Registration.

2.1 Demand Registration Rights. At any time on or after the 180th day following the consummation of the IPO, each Stockholder shall have the right to require that Charter register under the Securities Act the offer or sale of all or a portion of the Registrable Securities held by such Stockholder on the terms and subject to the conditions and limitations set forth herein. The registration of Registrable Securities under the Securities Act in accordance with this Section 2 is referred to in this Agreement as a "Demand Registration." The number of Demand Registrations to which the Stockholders shall be entitled shall be as follows:

(a) the Stockholders who are members of the Nathanson Stockholder Group shall be entitled to two Demand Registrations in the aggregate, plus, if the Stockholders who are members of the Non-Nathanson Stockholder Group no longer own sufficient Registrable Securities (excluding any Rule 144-Eligible Securities) to satisfy the Minimum Condition and the number of Demand Registrations effected at the request of such Stockholders is less than two, the Stockholders who are members of the Nathanson Stockholder Group shall be entitled to a number of additional Demand Registrations in the aggregate equal to two minus the number of Demand Registrations effected at the request of the Stockholders who are members of the Non-Nathanson Stockholder Group; and

(b) the Stockholders who are members of the Non-Nathanson Stockholder Group shall be entitled to two Demand Registrations in the aggregate, plus, if the Stockholders who are members of the Nathanson Stockholder Group no longer own sufficient Registrable Securities (excluding any Rule 144-Eligible Securities) to satisfy the Minimum Condition and the number of Demand Registrations effected at the request of such Stockholders is less than two, the Stockholders who are members of the Non-Nathanson Stockholder Group shall be entitled to a number of additional Demand Registrations in the aggregate equal to two minus the number of Demand Registrations effected at the request of the Stockholders who are members of the Nathanson Stockholder Group.

2.2 Procedures for Demand Registrations.

(a) A Stockholder holding Registrable Securities may elect to initiate a Demand Registration pursuant to this Section 21.3 by furnishing Charter and such Stockholder's Stockholder Group with a written notice specifying the number of Registrable Securities that such Stockholder desires to have registered, whether any of such Registrable Securities are Rule 144-Eligible Securities, and such Stockholder's intended method or methods of distribution of all such Registrable Securities. The Stockholder delivering a notice pursuant to the preceding sentence is referred to as the "Initiating Stockholder." The Registrable Securities that the Initiating Stockholder desires to have registered, as specified in its notice pursuant to this Section 2.2(a), must include some Registrable Securities that are not Rule 144-Eligible Securities. If the number of Registrable Securities (excluding any Rule 144-Eligible Securities) that the Initiating Stockholder desires to have registered, as specified in its notice pursuant to this Section 2.2(a), does not satisfy the Minimum Condition, then, any member of the Stockholder Group of which the Initiating Stockholder is a member may, within twenty days after its receipt of the Initiating Stockholder's notice pursuant to this Section 2.2(a), deliver a written notice to Charter and such Stockholder's Stockholder Group specifying the number of Registrable Securities that such Stockholder desires to have registered, whether any of such Registrable Securities are Rule 144-Eligible Securities, and such Stockholder's intended method or methods of distribution of such Registrable Securities.

(b) If the number of Registrable Securities (excluding any Rule 144-Eligible Securities) that the Stockholders in a Stockholder Group desire to have registered, as specified in their notices pursuant to Section 2.2(a), does not satisfy the Minimum Condition, then Charter will have no obligation to effect a Demand Registration in response to such notices pursuant to Section 2.2(a), but nothing herein will limit the rights of the Stockholders in such Stockholder Group to require on a subsequent occasion that Charter effect a Demand Registration to which the Stockholders in such Stockholder Group are entitled under Section 2.1.

(c) If the number of Registrable Securities (excluding any Rule 144-Eligible Securities) that the Stockholders in a Stockholder Group desire to have registered, as specified in their notices pursuant to Section 2.2(a), satisfies the Minimum Condition, then Charter will notify such Stockholder Group that the Minimum Condition was satisfied. Any member of that Stockholder Group may elect, by written notice delivered to Charter within ten days after its receipt of Charter's notice pursuant to this Section 2.2(c), to include any or all of its Registrable Securities in the Demand Registration. A Stockholder's notice pursuant to this Section 2.2(c) will specify (i) the amount of such Stockholder's Registrable Securities to be included the Demand Registration, (ii) whether any of such Registrable Securities are Rule 144-Eligible Securities, (iii) such Stockholder's intended method or methods of distribution of its Registrable Securities, and (iv) any other information that Charter reasonably requests. The Stockholders in a Stockholder Group that deliver notices pursuant to Section 2.2(a) or this Section 2.2(c) are referred to as the "Demanding Stockholders."

(d) The "Minimum Condition" means that the number of Registrable Securities (other than any Rule 144-Eligible Securities) that the Stockholders in a Stockholder Group desire to have registered, as specified in their notices pursuant to Section 2.2(a),

(i) have an aggregate market value on the date of the delivery of the Initiating Stockholder's notice pursuant to Section 2.2(a) (before any underwriting or brokerage discounts and commissions) of not less than $40,000,000; or

(ii) have an aggregate value at the price to the public of shares of Common Stock in the IPO (before any underwriting or brokerage discounts and commissions, and adjusted as necessary for any events described in Section 2.9(d) occurring between the consummation of the IPO and the calculation of the Minimum Condition) of not less than $60,000,000.

(e) Following the effectiveness of a Registration Statement filed in connection with a Demand Registration, Charter will not be required to file a Registration Statement for a subsequent Demand Registration within six months after the date on which it received the Initiating Stockholder's notice pursuant to Section 2.2(a) for the immediately preceding Demand Registration (regardless of whether the subsequent Demand Registration is requested by Stockholders in the same Stockholder Group as the immediately preceding Demand Registration).

(f) As soon as reasonably practicable after the Stockholders in a Stockholder Group have notified Charter that they desire to have registered a number of Registrable Securities (excluding any Rule 144-Eligible Securities) that satisfies the Minimum Condition, subject to Section 2.6(a) and Section 2.6(e), Charter will file with the SEC and use its reasonable best efforts to cause to become effective as promptly as practicable a Registration Statement that covers the Registrable Securities requested to be registered in the manner set forth above. Subject to the provisions of Section 2.3 below, each Registration Statement may also include securities to be sold for the account of Charter, for Stockholders who do not participate as Demanding Stockholders but who exercise their rights under Section 3 below, or for any stockholder of Charter not holding Registrable Securities.

2.3 Underwriters. One or more Demanding Stockholders owning more than 50% of the Registrable Securities to be included in a Demand Registration shall collectively have the right to select the lead book running managing underwriter for any underwritten public offering in connection with a Demand Registration, which lead managing underwriter shall be reasonably acceptable to Charter. Each Demanding Stockholder electing to participate in a Demand Registration involving an underwritten public offering shall, as a condition to Charter's obligation under this Section 2 to include such Demanding Stockholder's Registrable Securities in the Demand Registration, enter into and perform its obligations under an underwriting agreement or other similar arrangement in customary form with the lead underwriter of such offering.

2.4 Shelf Registration. If at the time the Minimum Condition is satisfied, Charter is eligible to file a registration statement on Form S-3 (or any equivalent successor form), then one or more Demanding Stockholders owning more than 50% of the Registrable Securities to be included in a Demand Registration may elect to require that the Demand Registration be effected pursuant to a shelf registration under Rule 415 of the Securities Act; provided, however, that (a) Charter will not be required to effect the Demand Registration pursuant to a shelf registration under Rule 415 of the Securities Act if Charter 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 affect the public market for the Common Stock or materially and adversely affect any financing then being contemplated by Charter; (b) the Demanding Stockholders may not elect to require that the Demand

Registration be effected pursuant to a shelf registration under Rule 415 of the Securities Act unless the Registrable Securities to be included in the Demand Registration have an aggregate market value on the date of the Demanding Stockholders' 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, Charter may require from time to time that the Selling Stockholders refrain from selling pursuant to such registration under the circumstances, in the manner, and for the time period described in Section 2.6. Charter will use its reasonable best efforts to cause any Demand Registration effected as a shelf registration under Rule 415 of the Securities 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 Selling Stockholders must refrain from selling pursuant to Section 2.6, and (ii) the date on which all Registrable Securities covered by the Registration Statement have been sold pursuant to the Demand Registration; and (d) Charter will not be required under this Section 2.4 to effect more than one Demand Registration as a shelf registration under Rule 415 of the Securities Act.

2.5 Limitation on Inclusion of Registrable Securities.

(a) If the book running managing underwriter of any underwritten public offering in connection with a Demand Registration determines in good faith that the aggregate number of Registrable Securities to be offered exceeds the number of shares that could be sold without having an adverse effect on such offering (including the price at which the Registrable Securities may be sold), then the number of Registrable Securities to be offered for the accounts of the Demanding Stockholders in such offering shall be reduced or limited on a pro rata basis, based on the respective numbers of Registrable Securities requested to be included in such offering by all Demanding Stockholders, to the extent necessary to reduce the total number of shares to be included in such offering to the amount recommended by the book running managing underwriter; provided, however, that if such registration includes securities other than Registrable Securities of the Demanding Stockholders (whether for the account of Charter or for any stockholder of Charter not exercising rights under this Section 21.3), such reduction shall be made:

(i) first, from securities held by Persons who are not Stockholders and from securities being offered for the account of Charter, allocated between Charter and such other Persons as Charter may determine, subject to any agreements between Charter and such other Persons;

(ii) second, from the number of Registrable Securities requested to be included in such offering by Stockholders pursuant to their rights under Section 3, on a pro rata basis, based on the number of Registrable Securities requested to be included in the registration by Stockholders pursuant to their rights under Section 3; and

(iii) last, from the number of Registrable Securities requested to be included in such offering by the Demanding Stockholders, on a pro rata basis, based on the number of Registrable Securities requested to be included in the registration by the Demanding Stockholders.

(b) One or more Demanding Stockholders owning more than 50% of the Registrable Securities to be included in a requested Demand Registration may elect not to proceed with the registration if less than 75% of the Registrable Securities requested to be registered by each of the Demanding Stockholders are included in such registration. If Demanding Stockholders owning more than 50% of the Registrable Securities to be included in a requested Demand Registration elect not to proceed with the registration pursuant to this Section 2.5(b), the Registration Statement for such registration shall be promptly withdrawn, a Demand Registration shall not be deemed to have been effected for purposes of this Agreement (including the limitations on the number of Demand Registrations of each Stockholder Group set forth in Section 2.1 above), and the Demanding Stockholders shall pay all out-of-pocket Registration Expenses incurred by Charter in connection with such Registration Statement.

2.6 Delay of Filing or Sales.

(a) Charter shall have the right, exercisable by giving notice of the exercise of such right to the applicable Selling Stockholders, subject to Section 2.6(b), at any time and from time to time, to delay filing or the declaration of effectiveness of a Registration Statement or to require the applicable Selling Stockbrokers not to sell any Registrable Securities pursuant to an effective Registration Statement for a period not in excess of 120 days beginning on the date on which such notice is given, or such shorter period of time as may be specified in such notice or in a subsequent notice delivered by Charter to such effect prior to or during the effectiveness of the Registration Statement, if:

(i) Charter is engaged in discussions or negotiations with respect to, or there otherwise is pending, any merger, acquisition, or other form of business combination that is "probable" (within the meaning of the Securities Act), any divestiture, tender offer, financing, or other event that, in any such case, is material to Charter (any such activity or event, a "Material Event"),

(ii) such Material Event would, in the judgment of Charter's board of directors (after consultation with counsel), require disclosure so as to permit the Registrable Securities to be sold in compliance with law, and

(iii) disclosure of such Material Event would, in the judgment of Charter's board of directors (after consultation with counsel), be adverse to its interests.

(b) Charter may not delay the filing of a Registration Statement or the sale of any Registrable Securities, whether pursuant to one or more notices pursuant to Section 2.6(a), for more than an aggregate of 120 days within any 12-month period.

(c) If Charter postpones its obligations under this Agreement by reason of a Material Event as described in Section 2.6(a), any Selling Stockholder will have the right to withdraw its Registrable Securities from the applicable Demand Registration or Incidental Registration, by giving notice to Charter at any time following delivery of Charter's notice pursuant to Section 2.6(a).

(d) No Stockholder may deliver a notice pursuant to the first sentence of Section 2.2(a) during the period of any postponement pursuant to Section 2.6(a) until Charter notifies all Stockholders of the end of such Material Event or the expiration of the 120-day period described in Section 2.6(a).

(e) Charter shall have the right, exercisable by giving notice of the exercise of such right to the applicable Selling Stockholders, to delay filing or the declaration of effectiveness of a Registration Statement during any period in which, as a result of Charter's failure to satisfy the conditions in Rule 3-01(c) of Regulation S-X, Charter is required to include in the Registration Statement audited financial statements of Charter prior to the date on which such audited financial statements would normally have been prepared in accordance with Charter's past practices and the SEC's periodic reporting requirements.

2.7 Withdrawal.

(a) If (i) a Registration Statement filed pursuant to this Section 2 does not remain effective under the Securities Act for the period specified in Section 2.8(a) due to a stop order, injunction, or other order of the SEC or other governmental agency, and (ii) each of the Demanding Stockholders has not sold at least two-thirds of its Registrable Securities registered under such Registration Statement, then the Demanding Stockholders may elect to withdraw such Registration Statement by written notice to Charter; and, in such an event, such registration shall not be deemed to have been a Demand Registration for purposes of the limitations on the number of Demand Registrations contained in Section 2.1, and Charter shall bear the Registration Expenses incurred in connection with such registration.

(b) Each Selling Stockholder may, no less than five Business Days before any Registration Statement becomes effective, withdraw some or all of its Registrable Securities from inclusion in the Registration Statement. If such withdrawals result in the Minimum Condition not being satisfied, then Charter may withdraw such Registration Statement unless the remaining Demanding Stockholders agree to include additional Registrable Securities (excluding any Rule 144-Eligible Securities) in the registration such that the Minimum Condition would be satisfied or agree to bear the Registration Expenses incurred by Charter in connection with such registration.

(c) If Charter withdraws a Registration Statement pursuant to Section 2.7(b), then the requested registration shall be deemed to have been a Demand Registration for purposes of the limitations on the number of Demand Registrations contained in Section 2.1 unless

(i) at the time of a Stockholder's withdrawal of Registrable Securities pursuant to Section 2.7(b), there has been a material adverse change in the operating results, financial condition, or business of Charter that was not publicly known at the time that the Minimum Condition was originally satisfied; or

(ii) Charter has postponed its obligations under this Agreement by reason of a Material Event as described in Section 2.6(a).

2.8 Effectiveness of Registration Statement.

(a) In connection with any Demand Registration pursuant to this Section 21.3, subject to Section 2.6, Charter will use its best efforts to prepare and file with the SEC any amendments and supplements to the Registration Statement and the Prospectus used in connection therewith, and to take any other actions, that may be necessary to keep the Registration Statement and the Prospectus effective, current, and in compliance with the provisions of the Securities Act, until the sooner to occur of (i) the sale of all of the Registrable Securities covered by such Registration Statement in accordance with the intended methods of distribution thereof or (ii) the 90th day following the effective date of such Registration Statement.

(b) A Demand Registration shall not be deemed to have been effected for purposes of this Agreement (including the limitations on the number of Demand Registrations of each Stockholder Group set forth in Section 2.1 above) until the Registration Statement therefor shall have been declared effective under the Securities Act by the SEC (and is not then subject to any stop order, injunction, or other order or requirement of the SEC or other governmental agency or court for any reason) for the period specified in Section 2.8.

2.9 Right to Purchase Shares. In lieu of undertaking to effect a Demand Registration at any time that Charter would otherwise be required to do so under this Agreement, Charter may instead elect to purchase, or cause to be purchased, all Registrable Securities that the Demanding Stockholders desire to have registered, as specified in their notices pursuant to Section 2.2(a), and in any notice pursuant to Section 2.2(c), on the following terms:

(a) Charter may elect to purchase all, but not less than all, of such Registrable Securities by delivering written notice of its election to the Demanding Stockholders within five Business Days after the deadline for a Stockholder's delivery of a notice pursuant to Section 2.2(c).

(b) Charter may not make an election pursuant to this Section 2.9 unless all Registrable Securities specified in the Demanding Stockholders' notices pursuant to Section 2.2(a) and Section 2.2(c) are securities for which the "average trading price" can be determined in accordance with Section 2.9(d). Charter may not make an election pursuant to this Section 2.9 if such purchase would require any waiver, consent, or approval of any Person that could impede or materially delay the closing of the purchase and sale of the Registrable Securities required to be purchased.

(c) Upon Charter's delivery of notice of its election pursuant to Section 2.9(a), Charter shall be obligated to purchase, or to cause to be purchased, and each Demanding Stockholder shall be obligated to sell, the Registrable Securities specified in the Demanding Stockholder's notice pursuant to Section 2.2(a) or Section 2.2(c), as applicable.

(d) The purchase price per share for such Registrable Securities shall be the "average trading price" (determined as provided below) as of the date on which the Initiating Stockholder sent its notice pursuant to Section 2.2(a) of a share of the same class as such Registrable Securities and shall be payable to each selling Stockholder in immediately available funds at the closing. The "average trading price" as of any date of any securities will be the average for the twenty full trading days preceding such date of (i) the last reported sales prices, regular way, as reported on the principal national securities exchange 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 sales prices, regular way, as reported on the Nasdaq National Market 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 to 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 this Section 2.9(d), a "trading day" means a day on which the principal national securities exchange on which such securities are listed or admitted to trading, or the Nasdaq National Market or the Nasdaq Stock Market, as applicable, if such securities are 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 securities are not listed or admitted to trading on any national securities exchange, the Nasdaq National Market or the Nasdaq Stock Market, any Business Day. For purposes of determining the "average trading price" of any securities, (i) the applicable sales 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 the closing of the purchase of Registrable Securities pursuant to this Section 2.9 for any dividend or distribution (other than a dividend or distribution contemplated by clause (ii)(B) of this sentence) 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 sales 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 outstanding shares of such securities occurring prior to the closing of the purchase of Registrable Securities pursuant to this Section 2.9 or (B) any "ex-dividend" date or any similar date occurring prior to the closing of the purchase of Registrable Securities pursuant to this Section 2.9 for any dividend or distribution with respect to such securities to be made in shares of such securities or securities that are convertible, exchangeable, or exercisable for shares of Common Stock shall be appropriately adjusted, as determined by the Board of Directors of Charter, to reflect such subdivision, combination, dividend, or distribution.

(e) The closing of the purchase and sale of such Registrable Securities shall take place on a date determined by Charter and set forth in the notice of its election pursuant to Section 2.9(a) which shall not be fewer than seven nor more than thirty days after the date of Charter's notice of its election pursuant to Section 2.9(a)

(f) An election by Charter pursuant to this Section 2.9 shall not affect the number of Demand Registrations to which the Stockholders are entitled under Section 2.1.

3. Incidental Registration.

3.1 Notice of Incidental Registration.

(a) Subject to Section 3.1(b) and Section 3.1(c), if Charter at any time proposes to register under the Securities Act any shares of the same class as any of the Registrable Securities (whether in an underwritten public offering or otherwise and whether or not for the account of Charter or for any stockholder of Charter, including Selling Stockholders registering Registrable Shares in a Demand Registration pursuant to Section 21.3), in a manner that would permit the registration under the Securities Act of Registrable Securities for sale to the public, Charter will give written notice to each Stockholder of its intention to do so not later than ten days prior to the anticipated filing date of the applicable Registration Statement. If the proposed registration is intended to be a Demand Registration, Charter shall give the notice described in the preceding sentence but only to the Stockholders that did not previously elect to become Demanding Stockholders pursuant to Section 21.3 with respect to such registration. Any Stockholder may elect to participate in such registration on the same basis as the planned method of distribution contemplated by the proposed registration by delivering written notice of its election to Charter within five days after its receipt of Charter's notice pursuant to this Section 3.1(a). A Stockholder's election pursuant to this Section 3.1(a) must (i) specify the amount of Registrable Securities desired to be included in such registration by such Stockholder and (ii) include any other information that Charter reasonably requests be included in such registration statement. Upon its receipt of a Stockholder's election pursuant to this Section 3.1(a), Charter will, subject to Section 3.2, use its reasonable best efforts to include in such registration all Registrable Securities requested to be included. Any registration of Registrable Securities pursuant to this Section 3 is referred to as an "Incidental Registration."

(b) Charter shall have no obligation under this Section 3 with respect to any registration effected pursuant to a registration statement on Form S-4 (or any other registration statement registering shares issued in a merger, consolidation, acquisition, or similar transaction) or Form S-8 or any successor or comparable forms, or a registration statement filed in connection with an exchange offer or any offering of securities solely to Charter's existing stockholders or otherwise pursuant to a dividend reinvestment plan, stock purchase plan, or other employee benefit plan.

(c) Charter shall have no obligation under this Section 3 with respect to any registration initiated by one or more Third-Party Demand Stockholders pursuant to one or more registration rights agreements under which the rights of all of such Third-Party Demand Stockholders are pari passu, if:

(i) the applicable registration rights agreement between Charter and such Third-Party Demand Stockholders prohibits the inclusion in such registration of securities other than those offered by such Third-Party Demand Stockholders and Charter; and

(ii) no securities other than those offered by such Third-Party Demand Stockholders are included in such registration.

(d) Solely for purposes of this Section 3, Rule 144-Eligible Securities will not be deemed to be Registrable Securities, and any Stockholder owning any Rule 144-Eligible Securities will have no rights to require an Incidental Registration of its Rule 144-Eligible Securities, in the case of any registration in which no stockholder of Charter has the right to include any securities that could then be sold by such stockholder without registration under the Securities Act pursuant to Rule 144 (or any successor provision) under the Securities Act (regardless of whether any such stockholder elects to include such securities in such registration).

3.2 Limitation on Inclusion of Registrable Securities; Priorities. If the proposed method of distribution in connection with an Incidental Registration is an underwritten public offering and the lead managing underwriter thereof determines in good faith that the amount of securities to be included in such offering would adversely affect such offering (including an adverse effect on the price at which the securities proposed to be registered may be sold), the amount of securities to be offered may be reduced or limited to the extent necessary to reduce the total number of securities to be included in such offering to the amount recommended by the lead managing underwriter as follows:

(a) in connection with an offering initiated by Charter, if securities are being offered for the account of other Persons (including any Stockholders) such reduction shall be made:

(i) first, from the securities intended to be offered by such other Persons (including any Stockholders), on a pro rata basis, based on the number of Registrable Securities and other securities that are requested to be included in such offering; and

(ii) last, from the number of securities to be offered for the account of Charter;

(b) in connection with an offering initiated by a Third-Party Demand Stockholder, such reduction shall be made:

(i) first, from securities held by Persons who are not Stockholders, Third-Party Demand Stockholders, or other stockholders entitled under any agreements between them and Charter to participate pari passu with the Selling Stockholders in such Incidental Registration, and from securities being offered for the account of Charter, allocated between Charter and such other Persons as Charter may determine, subject to any agreements between Charter and such other Persons;

(ii) second, from the number of Registrable Securities requested to be included in such offering by the Selling Stockholders and any other stockholders entitled under any agreements between them and Charter to participate pari passu with the Selling Stockholders in such Incidental Registration, on a pro rata basis, based on the number of Registrable Securities and other securities which are requested to be included in the registration; and

(iii) last, from securities being offered by the Third-Party Demand Stockholders.

3.3 Delay or Withdrawal of Registration. Charter may, without the consent of any Stockholder, delay, suspend, abandon, or withdraw any proposed registration in which any Stockholder has requested inclusion of such Stockholder's Registrable Securities pursuant to this Section 3.

3.4 Withdrawal by Selling Stockholder. Each Selling Stockholder may, no less than five Business Days before the anticipated effective date of the applicable Registration Statement for an Incidental Registration, withdraw some or all of its Registrable Securities from inclusion in the Registration Statement. No such withdrawal shall relieve any withdrawing Selling Stockholder of its obligation to pay expenses under Section 5.

3.5 Underwriters; Underwriting Agreement. In connection with any Incidental Registration involving an underwritten public offering of securities for the account of Charter or a Third-Party Demand Stockholder, (a) the managing and lead underwriters shall be selected by Charter, unless otherwise provided in any agreement between Charter and any Third-Party Demand Stockholder, and (b) each Selling Stockholder electing to participate in the Incidental Registration shall, as a condition to Charter's obligation under this Section 3 to include such Selling Stockholder's Registrable Securities in such Incidental Registration, enter into and perform its obligations under an underwriting agreement or other similar arrangement in customary form with the managing underwriter of such offering.

4. Obligations with Respect to Registration.

4.1 Obligations of Charter. Whenever Charter is obligated by the provisions of this Agreement to effect the registration of any Registrable Securities under the Securities Act, Charter shall:

(a) Subject to the provisions of Section 4.2, use its reasonable best efforts to cause the applicable Registration Statement to become effective as promptly as practicable, and to prepare and file with the SEC any amendments and supplements to the Registration Statement and to the Prospectus used in connection therewith as may be necessary to keep the Registration Statement and the Prospectus effective, current, and in compliance with the provisions of the Securities Act, during the periods when Charter is required by this Agreement to keep the Registration Statement effective and current.

(b) Within a reasonable time not to exceed ten Business Days prior to filing a Registration Statement or Prospectus or any amendment or supplement thereto (other than any amendment or supplement in the form of a filing that Charter makes pursuant to the Exchange Act), furnish to each Selling Stockholder and each underwriter, if any, of the Registrable Securities covered by such Registration Statement copies of such Registration Statement or Prospectus as proposed to be filed, which documents will be subject to the reasonable review and comments of the Selling Stockholders (and their respective counsel) during such period, and Charter will not file any Registration Statement or any Prospectus or any amendment or supplement thereto containing any statements with respect to any Selling Stockholder or the distribution of the Registrable Securities to be included in such Registration Statement for sale by such Selling Stockholder if such Selling Stockholder reasonably objects in writing. Thereafter, Charter will furnish to each Selling Stockholder and each underwriter, if any, such number of copies of such Registration Statement, each amendment and supplement thereto (in each case including all exhibits thereto), the Prospectus included in such Registration Statement (including each preliminary Prospectus), and such other documents as such Selling Stockholder or underwriter may reasonably request in order to facilitate the disposition of the Registrable Securities owned by such Selling Stockholder.

(c) After the filing of the Registration Statement, promptly notify each Selling Stockholder of the effectiveness thereof and of any stop order issued or threatened by the SEC and take all reasonable actions required to prevent the entry of such stop order or to remove it if entered and promptly notify each Selling Stockholder of the lifting or withdrawal of any such order.

(d) Immediately notify each Selling Stockholder holding Registrable Securities covered by the applicable Registration Statement at any time when a Prospectus relating thereto is required to be delivered under the Securities Act, of (i) the determination that a Material Event exists or (ii) the occurrence of an event requiring the preparation of a supplement or amendment to such Prospectus so that, as thereafter delivered to the purchasers of such Registrable Securities, such Prospectus will 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, in light of the circumstances in which they were made, not misleading and promptly make available to such Selling Stockholder any such supplement or amendment, and subject to the provisions of this Agreement regarding the existence of a Material Event, Charter will promptly prepare and furnish to each such Selling Stockholder a supplement to or an amendment of such Prospectus so that, as thereafter delivered to the purchasers of such Registrable Securities, such Prospectus will not contain any untrue statement of material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances in which they were made, not misleading.

(e) Enter into customary agreements (including an underwriting agreement in customary form including customary indemnification provisions) and perform its obligations under any such agreements and shall take such other actions as are reasonably required in order to expedite or facilitate the disposition of such Registrable Securities.

(f) Make available for inspection by any Selling Stockholder covered by such Registration Statement, any underwriter selected by a Selling Stockholder pursuant to Section 2.3 participating in any disposition pursuant to such Registration Statement, and any attorney, accountant, or other professional retained by any such Selling Stockholder or underwriter, all financial and other records, pertinent corporate documents, and properties of Charter as shall be reasonably necessary to enable them to exercise their due diligence responsibility in connection therewith, and cause Charter's officers, directors, and employees to supply all information reasonably requested by any of such Persons in connection with such Registration Statement. Information that Charter determines, in good faith, to be confidential and notifies such Persons is confidential shall not be disclosed by such Persons unless (i) the release of such information is ordered pursuant to a subpoena or other order from a court, or other governmental agency or tribunal, of competent jurisdiction or (ii) such information becomes public other than through a breach by such Persons of the confidentiality obligations of such Persons. Each Selling Stockholder agrees that information obtained by it as a result of such inspections shall be deemed confidential and shall not be used by it as the basis for any transactions in the securities of Charter or for any other purpose unless and until such information is made generally available to the public.

(g) Furnish, in the case of an underwritten public offering, to each Selling Stockholder and to each underwriter a signed counterpart of (i) an opinion or opinions of in-house counsel or outside counsel to Charter addressed to such Selling Stockholder and underwriters (on which opinion both such Selling Stockholder and each such underwriter shall be entitled to rely) and (ii) a comfort letter or comfort letters from Charter's independent public accountants, each in customary form and covering such matters of the type customarily covered by opinions or comfort letters, as the case may be, as the holders of a majority of the Registrable Securities included in such Registration Statement or the managing underwriter therefor reasonably requests.

(h) Register or qualify the Registrable Securities covered by a Registration Statement under the securities or blue sky laws of such United States jurisdictions as the Selling Stockholders shall reasonably request, and do any and all other acts and things which may be necessary to enable each Selling Stockholder to consummate the disposition in such jurisdictions of such Registrable Securities in accordance with the method of distribution described in such Registration Statement; provided, however, that Charter shall not be required (i) to qualify to do business as a foreign corporation in any jurisdiction where it is not otherwise required to be so qualified, (ii) to conform its capitalization or the composition of its assets at the time to the securities or blue sky laws of such jurisdiction, (iii) to execute or file any general consent to service of process under the laws of any jurisdiction, or (iv) to subject itself to taxation in any jurisdiction where it has not theretofore done so.

(i) Use its reasonable best efforts to cause such Registrable Securities covered by a Registration Statement to be listed on the principal exchange or exchanges or qualified for trading on the principal over-the-counter market or listed on the automated quotation market on which securities of the same class and series as the Registrable Securities (or into which such Registrable Securities will be or have been converted) are then listed, traded, or quoted upon the sale of such Registrable Securities pursuant to such Registration Statement.

(j) Make and keep information publicly available relating to Charter so as to satisfy the requirements of Rule 144 under the Securities Act (or any successor or corresponding rule) and file with the SEC all reports and other documents required of Charter under the Securities Act and the Exchange Act in a timely manner.

(k) Make available to its security holders, as soon as reasonably practicable, an earnings statement covering the period of at least twelve months, but not more than eighteen months, which earnings statement shall satisfy the provisions of Section 11(a) of the Securities Act (provided that Charter shall not be deemed in violation of this paragraph so long as it files customary quarterly reports with the SEC for such period), and not file any amendment or supplement to such Registration Statement or Prospectus to which any of the Selling Stockholders shall have reasonably objected on the grounds that such amendment or supplement does not comply in all material respects with the requirements of the Securities Act.

4.2 Selling Stockholders' Obligations. Charter's obligations under this Agreement to a Selling Stockholder shall be conditioned upon such Selling Stockholder's compliance with the following:

(a) Such Selling Stockholder shall cooperate with Charter in connection with the preparation of the Registration Statement, and for so long as Charter is obligated to keep the Registration Statement effective, such Selling Stockholder will provide to Charter, in writing, for use in the Registration Statement, all information regarding such Selling Stockholder, its intended method of disposition of the applicable Registrable Securities, and such other information as Charter may reasonably request to prepare the Registration Statement and Prospectus covering the Registrable Securities and to maintain the currency and effectiveness thereof.

(b) Such Selling Stockholder agrees that, upon receipt of any notice from Charter of the happening of any event of the kind described in Section 4.1(d), such Selling Stockholder will discontinue its offering and sale of Registrable Securities pursuant to the applicable Registration Statement until such Selling Stockholder's receipt of either (i) notice from Charter that a Material Event no longer exists (but for no longer than the end of the 120-day period described in Section 2.6) or (ii) the copies of the supplemented or amended Prospectus contemplated by Section 4.1(d), and, in either case, if so directed by Charter, such Stockholder will deliver to Charter all copies in its possession of the most recent Prospectus covering such Registrable Securities at the time of receipt of such notice.

4.3 Underwriting Agreement. Neither Charter nor any other Person may participate in any underwritten public offering in connection with a Demand Registration or an Incidental Registration unless such Person (i) agrees to sell its securities on the basis provided in any underwriting arrangements approved by the Person or Persons selecting the lead managing underwriters for such offering and (ii) completes and executes all questionnaires, powers of attorney, indemnities, underwriting agreements, and other documents reasonably required under the terms of such underwriting arrangements and this Agreement.

4.4 Holdback by Charter. Charter agrees not to engage in any public sale or distribution by it of any securities of the same class or series as the Registrable Securities or securities convertible into, or exchangeable or exercisable for, or the value of which relates to or is based upon, such securities during the ten days prior to, and during the 45-day period beginning on, the effective date of any Registration Statement filed with respect to any public offering of Registrable Securities to the extent the lead book running managing underwriter for such offering advises Charter in writing that a public sale or distribution during such 45-day period (including a sale pursuant to Rule 144 under the Securities Act) of Registrable Securities by Charter other than pursuant to the underwritten public offering contemplated by such registration statement would materially adversely impact such underwritten public offering), except as part of such registration; provided, however, that the limitation set forth in this Section 4.4 shall not apply: (a) to registrations by Charter on Form S-4 or any other registration of shares issued in a merger, consolidation, acquisition, or similar transaction or on Form S-8, or any successor or comparable forms, or a registration statement filed in connection with an exchange offer of securities of Charter made solely to Charter's existing stockholders or otherwise pursuant to a dividend reinvestment plan, stock purchase plan, or other employee benefit plan; (b) to sales by Charter upon exercise or exchange, by the holder thereof, of options, warrants or convertible securities; (c) to any employee benefit plan (if necessary to allow such plan to fulfill its funding obligations in the ordinary course); or (d) to any Demand Registration effected as a shelf registration under Rule 415 of the Securities Act. This Section 4.4 shall not limit any public sale or distribution of any securities of Charter by any Third-Party Demand Stockholder or any Person having the right to require that Charter include its securities in any registration initiated by any Third-Party Demand Stockholder.

5. Expenses of Registration.

5.1 Registration Expenses. Except as provided in Section 5.2 and Section 5.3, all Registration Expenses incurred in connection with any Demand Registration or Incidental Registration and the distribution of any Registrable Securities in connection therewith shall be borne by Charter. For purposes of this Agreement, the term "Registration Expenses" means all:

(a) registration, application, filing, listing, transfer, and registrar fees,

(b) NASD fees and fees and expenses of registration or qualification of Registrable Securities under state securities or blue sky laws

(c) printing expenses (or comparable duplication expenses), delivery charges, and escrow fees,

(d) fees and disbursements of counsel for Charter,

(e) fees and expenses for independent certified public accountants retained by Charter (including the expenses of any comfort letters or costs associated with the delivery by independent certified public accountants of a comfort letter or comfort letters),

(f) fees and expenses of any special experts retained by Charter in connection with such registration;

(g) reasonable fees and disbursements of underwriters and broker-dealers customarily paid by issuers or sellers of securities, and

(h) fees and expenses of listing the Registrable Securities on a securities exchange or over-the-counter market.

5.2 Selling Stockholder Expenses. Each Selling Stockholder shall pay all stock transfer fees or expenses (including the cost of all transfer tax stamps), if any, all underwriting or brokerage discounts and commissions and all fees and disbursements of counsel for such Selling Stockholder attributable to the distribution of the Registrable Securities of such Selling Stockholder included in such registration.

5.3 Internal Expenses of Charter. Notwithstanding any other provision of this Agreement, Charter shall be obligated to bear all internal expenses of Charter in connection with any Demand Registration or Incidental Registration (including all salaries and expenses of its officers and employees performing accounting and legal functions and related expenses).

6. Indemnification.

6.1 By Charter. Charter agrees to indemnify and hold harmless each Stockholder Indemnified Party from and against any Losses, joint or several, to which such Stockholder Indemnified Party may become subject under the Securities Act, the Exchange Act, state securities or blue sky laws, common law or otherwise, insofar as such Losses (or actions in respect thereof) arise out of or are based upon any untrue statement or alleged untrue statement of a material fact contained in the applicable Registration Statement or Prospectus, 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 light of the circumstances under which they were made, not misleading, and Charter will reimburse each such Stockholder Indemnified Party for any reasonable fees and expenses of outside legal counsel for such Stockholder Indemnified Parties, or other expenses reasonably incurred by them, as incurred, in connection with investigating or defending any such claims; provided, however, that Charter will not indemnify or hold harmless any Stockholder Indemnified Party from or against any such Losses (including any related expenses) to the extent such Losses (including any related expenses) result from an untrue statement, omission or allegation thereof which were (a) made in reliance upon and in conformity with written information provided by or on behalf of the applicable Selling Stockholder specifically and expressly for use or inclusion in the applicable Registration Statement or Prospectus or (b) made in any Prospectus used after such time as Charter advised such Selling Stockholder that the filing of a post-effective amendment or supplement thereto was required, except that this proviso shall not apply if the untrue statement, omission, or allegation thereof is contained in the Prospectus as so amended or supplemented. Such indemnity shall remain in full force and effect regardless of any investigation made by or on behalf of the Stockholder Indemnified Parties and shall survive the transfer of such securities by the Selling Stockholders.

6.2 By Selling Stockholders. Each Selling Stockholder, individually and not jointly, agrees to indemnify and hold harmless each Charter Indemnified Party and each other Stockholder Indemnified Party from and against any Losses, joint or several, to which such Charter Indemnified Party or any other Stockholder Indemnified Party may become subject, insofar as such Losses (or actions in respect thereof) arise out of or are based upon any untrue statement or alleged untrue statement of a material fact contained in the applicable Registration Statement or the Prospectus, 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 light of the circumstances under which they were made, not misleading, if the statement or omission was made in reliance upon and in conformity with written information provided by or on behalf of such Selling Stockholder or any Person who controls such Selling Stockholder specifically and expressly for use or inclusion in the applicable Registration Statement or Prospectus; provided, however, that such Selling Stockholder will not indemnify or hold harmless any Charter Indemnified Party or other Stockholder Indemnified Party from or against any such Losses (including any related expenses) (a) to the extent the untrue statement, omission, or allegation thereof upon which such Losses (including any related expenses) are based was made in any Prospectus used after such time as such Selling Stockholder advised Charter that the filing of a post-effective amendment or supplement thereto was required, except the Prospectus as so amended or supplemented, or (b) in an amount that exceeds the net proceeds received by such Selling Stockholder from the sale of Registrable Securities pursuant to such Registration

Statement. Such indemnity shall remain in full force and effect regardless of any investigation by or on behalf of Charter Indemnified Parties or the Stockholder Indemnified Parties, and shall survive the transfer of such securities by the Selling Stockholder.

6.3 Procedures. Each Indemnified Party shall give notice to each Indemnifying Party promptly after such Indemnified Party has actual knowledge of any claim as to which indemnity may be sought, and the Indemnifying Party may participate at its own expense in the defense, or if it so elects, assume the defense of any such claim and any action or proceeding resulting therefrom, including the employment of counsel and the payment of all expenses. The failure of any Indemnified Party to give notice as provided in this Section 6.3 shall not relieve the Indemnifying Party from its obligations to indemnify such Indemnified Party, except to the extent the Indemnified Party's failure to so notify actually prejudices the Indemnifying Party's ability to defend against such claim, action, or proceeding. If the Indemnifying Party elects to assume the defense in any action or proceeding, an Indemnified Party shall have the right to employ separate counsel in such action or proceeding and to participate in the defense thereof, but such Indemnified Party shall pay the fees and expenses of such separate counsel unless (a) the Indemnifying Party has agreed to pay such fees and expenses or (b) the named parties to any such action or proceeding (including any impleaded parties) include such Indemnified Party and the Indemnifying Party, and such Indemnified Party shall have been advised by counsel that there is or would be a conflict of interest between such Indemnified Party and the Indemnifying Party in the conduct of the defense of such action (in which case, if such Indemnified Party notifies the Indemnifying Party in writing that it elects to employ separate counsel at the expense of the Indemnifying Party, the Indemnifying Party shall not assume the defense of such action or proceeding on such Indemnified Party's behalf). No Indemnifying Party, in the defense of any such claim or litigation, shall, except with the consent of the Indemnified Party (which consent will not be unreasonably withheld), consent to entry of any judgment, or enter into any settlement that does not include as an unconditional term thereof the giving by the claimant or plaintiff to such Indemnified Party of a release from all liability in respect to such claim or litigation.

6.4 Contribution. If the indemnification provided for under this Section 6 is unavailable to or insufficient to hold the Indemnified Party harmless under Section 6.1 or Section 6.2 above in respect of any Losses referred to therein for any reason other than as specified therein, then the Indemnifying Party shall contribute to the amount paid or payable by such Indemnified Party as a result of such Losses in such proportion as is appropriate to reflect the relative fault of the Indemnifying Party, on the one hand, and such Indemnified Party, on the other, in connection with the statements or omissions that resulted in such Losses. The relative fault of each Indemnifying Party or Indemnified Party, as the case may be, shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by (or that was failed to be supplied by) such Indemnifying Party or Indemnified Party, such party's relative intent, knowledge, access to information, and opportunity to correct or prevent such statement or omission. If contribution based upon the relative fault of the Indemnifying Party, on the one hand, and the Indemnified Party, on the other hand, is not available, then the Indemnifying Party shall contribute to the amount paid or payable by Indemnified Party as a result of Losses in such proportion as is appropriate to reflect the relative benefits received by the Indemnifying Party, on the one hand, and such Indemnified Party, on the other, from the subject offering or distribution. The relative benefits received by the Indemnifying Party, on the one hand, and the Indemnified Party, on the other, shall be deemed to be in the same proportion as the net proceeds of the offering or other distribution received by the Indemnifying Party bears to the net proceeds of the offering or other distribution received by the Indemnified Party. No Person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any Person who was not guilty of such fraudulent misrepresentation.

7. Limitation on Other Registration Rights. Charter shall not grant to any Person any demand registration right, incidental registration right, or other right that would conflict with any of the rights granted to Stockholders herein.

8. Miscellaneous.

8.1 Notices.

(a) All notices, requests, demands, waivers, and other communications under this Agreement shall be in writing and shall be deemed to have been duly given if delivered personally, mailed, certified or registered mail with postage prepaid, or sent by reliable overnight courier, or facsimile transmission, to the address or facsimile number specified for the applicable party on Schedule A attached to this Agreement, or to such other Person, address, or facsimile number as any party shall specify by notice in writing to the other parties.

(b) Any notice or other communication to a party in accordance with the provisions of this Agreement shall be deemed to have been given (i) three Business Days after it is sent by certified or registered mail, postage prepaid, return receipt requested, (ii) upon receipt when delivered by hand or transmitted by facsimile (confirmation received), or (iii) one Business Day after it is sent by a reliable overnight courier service, with acknowledgment of receipt requested. Notwithstanding the preceding sentence, notice of change of address shall be effective only upon actual receipt thereof.

(c) Any requirement in this Agreement that notice be given to a Stockholder Group means that notice must be given separately to each member of the Stockholder Group.

8.2 Amendment. Any provision of this Agreement may be amended or modified in whole or in part at any time by an agreement in writing among Charter and each Stockholder, executed in the same manner as this Agreement. No consent, waiver, or similar act shall be effective unless in writing.

8.3 Entire Agreement. This Agreement constitutes the entire agreement among the parties hereto and supersedes all prior agreements and understandings, oral and written, among the parties hereto with respect to the subject matter hereof.

8.4 Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed to be an original, but all of which together shall constitute one and the same instrument.

8.5 Governing Law. This Agreement shall be governed by and interpreted in accordance with the internal laws of the State of [New York], without giving effect to principles of conflicts of laws.

8.6 Assignment.

(a) Except as expressly provided in this Section 8.6, the rights of the parties hereto cannot be transferred or assigned and any purported assignment or transfer to the contrary shall be void ab initio. So long as the terms of this Section 8.6 are followed, any Stockholder may transfer any of its rights under this Agreement, without the consent of Charter, to any Person to whom such holder transfers any Registrable Securities or any rights to acquire Registrable Securities, whether such transfer is by sale, gift, assignment, pledge, or otherwise, so long as:

(i) such transfer is not made pursuant to an effective Registration Statement or pursuant to Rule 144 or Rule 145 (or any successor provisions) under the Securities Act or in any other manner the effect of which is to cause the transferred securities to be freely transferable without regard to the volume and manner of sale limitations set forth in Rule 144 (or any successor provision) in the hands of the transferee as of the date of such transfer; and

(ii) in the case of a transfer by any member of the Non-Nathanson Stockholder Group [(other than Falcon Holding Group, L.P.)], such transfer is made (A) to another Stockholder; (B) to any Person that, directly or indirectly, through the ownership of voting securities, controls, is controlled by, or is commonly controlled with such Stockholder; (C) to any investment fund formed by an Affiliate of such Stockholder that is commonly controlled with such Stockholder; (D) to a trust for the benefit of the equity owners of such Stockholder and of which the trustee or trustees are one or more Persons that either control, or are commonly controlled with, such Stockholder or are banks, trust companies, or similar entities; (E) any Person for which such Stockholder is acting as nominee or any trust controlled by or under common control with such Person; (F) where the transferring Stockholder is an individual, (i) to the estate, heirs, or legatees of such Stockholder upon such Stockholder's death; (ii) to or for the benefit of any member of such Stockholder's family or to any Person controlled by such Stockholder or one or more members of such Stockholder's family; or (iii) to any charitable foundation, charitable trust, or similar entity; and

(iii) [in the case of a transfer by Falcon Holding Group, L.P., such transfer is made to any Person that is a partner of Falcon Holding Group, L.P. at the time of the transfer; and]

(iv) in the case of a transfer by any member of the Nathanson Stockholder Group, such transfer is made (A) to another Stockholder; (B) to any Person that owns a controlling equity interest in the transferor at the time of the transfer (or, if the transferor is specifically named in clause (i) of the definition of "Nathanson Stockholder Group," to any Person that owns an equity interest in the transferor at the time of the transfer), (C) to or for the benefit of Marc B. Nathanson or any member of his family or to any Person controlled, directly or indirectly, by Marc B. Nathanson, (D) where the transferring Stockholder is an individual, (i) to the estate, heirs, or legatees of such Stockholder upon such Stockholder's death; (ii) to or for the benefit of any member of such Stockholder's family or to any Person controlled by such Stockholder or one or more members of such Stockholder's family; or (E) to any charitable foundation, charitable trust, or similar entity.

(b) Notwithstanding Section 8.6(a), no Stockholder may assign any of its rights under this Agreement to any Person to whom such Stockholder transfers any Registrable Securities unless the transfer of such Registrable Securities did not require registration under the Securities Act.

(c) The nature and extent of any rights assigned shall be as agreed to between the assigning party and the assignee. No Person may be assigned any rights under this Agreement unless Charter is given written notice by the assigning party at the time of such assignment stating the name and address of the assignee, identifying the securities of Charter as to which the rights in question are being assigned, and providing a detailed description of the nature and extent of the rights that are being assigned. Any assignee hereunder shall receive such assigned rights subject to all the terms and conditions of this Agreement, including the provisions of this Section 8.6. Subject to the foregoing, this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.

8.7 Binding Agreement; No Third Party Beneficiaries. This Agreement will be binding upon and inure to the benefit of the parties hereto and their successors and permitted assigns. Except as set forth herein and by operation of law, no party to this Agreement may assign or delegate all or any portion of its rights, obligations, or liabilities under this Agreement without the prior written consent of each other party to this Agreement.

[Signature page follows.]

IN WITNESS WHEREOF, Charter and each of the other parties hereto has executed this Agreement as of the date first above written.

EXHIBIT D

TERMS OF CHARTER LLC OPERATING AGREEMENT

Formation of Charter LLC	Charter Communications, Inc. ("CCI") will form, prior to the filing of franchise transfer applications under the Purchase and Contribution Agreement, a new limited liability company ("Charter LLC"). Prior to or at the Closing, CCI will contribute to Charter LLC all its membership interests in Charter Communications Holdings, LLC ("Charter Holdings"). At the Closing, Falcon Holding Group, L.P. ("FHGLP") will contribute to Charter LLC a portion of the partnership interest owned by it in Falcon Communications, L.P. ("Falcon") (referred to as the "Contributed Interest" in Section 2.1(b) of the Purchase and Contribution Agreement) in exchange for a membership interest in Charter LLC represented by units (the "Units"). The contribution by FHGLP is intended to be a tax-free contribution to Charter LLC by FHGLP.
Calculation of Units Issued to FHGLP at Closing	All Units of Charter LLC will have the same rights, except that there may be differences among the Units as to voting rights. The number of Units issued to FHGLP will be a fraction of all Units in Charter LLC outstanding on the Closing, the numerator of which will equal the Equity Value as determined under Section 2.3(b) of the Purchase and Contribution Agreement, and the denominator of which will equal the sum of the Charter Holdings Value and the Equity Value. An example of such calculation is attached hereto as Attachment A. The Units issued to members of Charter LLC will be certificated. "Charter Holdings Value" will equal $11,272,700,000, (1) less liabilities (other than deferred taxes) of Charter LLC and its Subsidiaries (determined on a consolidated basis in accordance with Generally Accepted Accounting Principles) at the Closing,

(2) plus, with respect to assets that are acquired by Charter LLC or its Subsidiaries on or before the Closing, (other than assets described in clauses (3) and (4)) the product of 17 and the projected operating cash flow of such assets for fiscal year ended December 31, 2000, determined in a manner consistent with information provided to Falcon on May 24, 1999 (the "Cash Flow Projections"),

(3) plus, the purchase price (including liabilities assumed) of assets that are acquired by Charter LLC from parties related to CCI (other than assets acquired by CCI or any of its affiliates from unrelated third parties and contributed to Charter LLC on or before the Closing) for a purchase price less than $10,000,000 in the aggregate,

(4) plus the value of assets that are acquired by Charter LLC from parties related to CCI (other than assets acquired by CCI or any of its affiliates from unrelated third parties and contributed to Charter LLC on or before the Closing and other than assets described in clause (3)), which value shall be determined by the Board of Charter LLC and Jerald Kent in good faith, and

(5) plus, with respect to assets that are subject to definitive agreements prior to the Closing, but which have not been acquired by Charter LLC or its Subsidiaries on or before Closing, the product of 17 and the projected operating cash flow of such assets for fiscal year ended December 31, 2000, determined in a manner consistent with the Cash Flow Projections.

To the extent that the assets described in clause (5), above, have not been acquired by Charter LLC or its Subsidiaries and the "Definitive Agreements" to which such assets are subject are terminated, then the Falcon Holders shall be issued additional Units in Charter LLC in an amount sufficient to provide the Falcon Holders with the same economic interests in Charter LLC that they would have had if the Charter Holdings Value determined at the Closing had been reduced by the value of such assets determined in clause (5) above (taking into account distributions from Charter LLC to its members and other events occurring after the Closing but prior to the issuance of additional Units to the Falcon Holders).

If prior to Closing CCI, Charter LLC or Charter Holdings takes an action (other than dispositions of obsolete equipment or other equipment deemed to be unnecessary in the ordinary operations of Charter Holdings' business) that results in a reduction in the assets of Charter LLC or Charter Holdings, then, at FHGLP's option, either an appropriate adjustment (as mutually agreed between FHGLP and CCI) will be made to the number of Units in Charter LLC received by FHGLP to reflect such reduction, or FHGLP will sell the Contributed Interest to CCI and receive Cash Consideration therefor in lieu of Equity Consideration, in accordance with the terms of the Purchase and Contribution Agreement.

Transfer of FHGLP Units	The Units received by FHGLP will be transferable in accordance with the following: FHGLP will have the right to transfer its Units in Charter LLC to its partners, provided, however, that (i) each such transferee must agree to be bound by the terms of the Charter LLC Operating Agreement, and (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. If any proposed transferee fails to make such agreements and representations or if the Company reasonably determines that the transfer to such individual would require registration under the Securities Act, then such transferee shall receive cash in lieu of such Units, and the Company shall adjust the cash and equity components of the consideration accordingly; provided, however, that if and to the extent such adjustment causes the equity component of the consideration to be less than the Minimum Contributed Interest, FHGLP shall not be required to contribute the Minimum Contributed Interest. All Units of Charter LLC will be freely transferable without restriction to Paul G. Allen in accordance with any of the various Put Agreements contemplated by the Purchase and Contribution Agreement. In addition, each holder of Units may transfer all or any portion of its Units to any person or entity to which such holder is permitted to assign its rights under the Registration Rights Agreement (in the form of Exhibit C to the Contribution and Purchase Agreement) in accordance with Section 8.6(a) thereof, provided, however, that (i) each such transferee must agree to be bound by the terms of the Charter LLC Operating Agreement, (ii) each such transferee must (x) 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, or (y) must provide Charter LLC with an opinion of counsel reasonably satisfactory to it that such transfer would not result in a violation of the registration requirements of the 1933 Act, and (iii) any such transfer will not result in a violation of the registration requirements of the 1933 Act.

Holders of the Units received by FHGLP are referred to as the "Falcon Holders."

Contribution of Purchased Interests	As soon as reasonably practicable following the Closing, CCI will contribute to Charter LLC the Purchased Interests (for these purposes, the "Purchased Interests" include the assets acquired by CCI pursuant to the Purchase and Contribution Agreement, plus the proceeds of any dispositions of Purchased Interests (including assets exchanged for Purchased Interests), plus the cash flow generated by the Purchased Interests subsequent to Closing and on or prior to the contribution to Charter LLC). Prior to the contribution of the Purchased Interests to Charter LLC, CCI will not dispose of the Purchased Interests for less than fair market value (based upon the terms of any arm's length agreement for such disposition negotiated by CCI).
IPO	It is the current intent of CCI to effect an initial public offering of stock in a corporation ("PublicCo") that will acquire an interest in Charter LLC (an "IPO"). Each of the Falcon Holders may, and under certain circumstances shall, exchange its Units in Charter LLC for stock in PublicCo. on the terms set forth in the Exchange Agreement, as outlined in Exhibit E to the Purchase and Contribution Agreement. If an initial public offering is effected other than through PublicCo (i.e., through CCI or Charter LLC), the Falcon Holders will have rights and protections that will put them in the same economic position as if the IPO had been effected through PublicCo.

Dilution for Events Prior to IPO	If CCI contributes the Purchased Interests to Charter LLC prior to an IPO, the relative interests of CCI and the Falcon Holders will be adjusted, and additional Units will be issued to CCI, so that CCI and the Falcon Holders will have the same relative interests they would have had if the Purchased Interests had been contributed at Closing at a value equal to the Cash Consideration, taking into account liabilities assumed by Charter LLC in connection with such contribution. To the extent that pursuant to the foregoing, either the assets of Charter LLC or the Purchased Interests are "booked-up" (to reflect a value in excess of their book value immediately prior to the contribution), taxable income and loss of Charter LLC allocated under section 704(c) of the Internal Revenue Code with respect to such adjusted assets will be made in accordance with the "remedial" method. An example of the foregoing is attached hereto as Attachment B. After Closing and prior to an IPO, upon the contribution by CCI (or any affiliate of CCI) of assets to Charter LLC (other than the Purchased Interests), the members' interests in Charter LLC will be adjusted, and additional Units will be issued to CCI (or affiliate) based on the valuation of Charter LLC and the contributed assets determined in good faith by the Board of Charter LLC and Jerald Kent. Prior to an IPO (whether before or after Closing), upon the issuance of Units in Charter LLC to an entity unrelated to CCI (or any affiliate of CCI), and upon the issuance of Units in Charter LLC to employees of Charter LLC in their capacity as employees, the Falcon Holders' interest in Charter LLC will be diluted on a proportional basis with CCI.
Dilution Upon and After IPO	In connection with an IPO, the Falcon Holders' interest in Charter LLC will be diluted on a proportional basis with CCI and any affiliate of CCI. If, after an IPO, CCI contributes the Purchased Interests to Charter LLC, then the Falcon Holders' interest in Charter LLC will be adjusted so as to equal the interest they would have had in Charter LLC if the contribution of Purchased Interests had occurred prior to the IPO.

If, after an IPO, CCI or any affiliate of CCI contributes assets to Charter LLC (other than the Purchased Interests), the Falcon Holders' interest in Charter LLC will be diluted on a proportional basis with PublicCo.

Upon the issuance of Units in Charter LLC to an entity unrelated to CCI (or any affiliate of CCI), and upon the issuance of Units in Charter LLC to employees of Charter LLC in their capacity as employees, the Falcon Holders' interest in Charter LLC will be diluted on a proportional basis with CCI.

Nondiscrimination	In any transactions between Charter LLC and any holders of Charter LLC Units in their capacities as such,, the Falcon Holders must be treated in a nondiscriminatory manner to the Units held by CCI, Paul Allen or their affiliates. For instance, any proposed redemption of Units held by CCI, Paul Allen and their affiliates must be offered to the Falcon Holders on the same proportionate terms and conditions offered to such other holders of Units.
Tag-along Rights	Prior to an IPO, if Paul Allen disposes of more than 25% (cumulatively) of his current interests in CCI (or control, irrespective of the amount of interests sold), or if CCI disposes of more than 25% (cumulatively) of its current interests in Charter LLC, (or control, irrespective of the amount of interests sold), each of the Falcon Holders will have the right to sell a proportionate share of its Units on the same economic terms and conditions and for proportionate consideration.
Distributions	Distributions from Charter LLC shall be made in proportion to the number of Units held by each member. Subject to any limitations in contractual covenants of Charter LLC or its subsidiaries and subject to applicable law, within 90 days after the end of each fiscal year, Charter LLC will distribute to all holders, in proportion to the number of Units held by them, cash in an amount which, in the reasonable judgment of Charter LLC, is sufficient to pay the federal, state, and local income taxes on each holder's share of Charter LLC's taxable income for such fiscal year at the highest combined marginal rate applicable to the ordinary income of an individual residing in New York City.

Tax Allocations

Taxable income and loss of Charter LLC will be allocated in accordance with Units, except as provided in section 704(c) of the Internal Revenue Code. Taxable income and loss of Charter LLC that is allocated under section 704(c) of the Code will be made in accordance with the "remedial" method.

Charter LLC will file a Section 754 election with respect to its first taxable year. Charter LLC will not revoke the Section 754 election 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 Sellers with respect to the sale of the Purchased Interests and the contribution of the Contributed Interest to Charter LLC, and (ii) gain recognized by holders of Units in Charter LLC with respect to dispositions of their Units.

The sum of (i) the Cash Consideration allocable (pursuant to Section 2.3(d) of the Purchase and Contribution Agreement) to the partnership interests in Falcon other than the Contributed Interest, (ii) the 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 described in Section 6.10(h) of the Purchase and Contribution Agreement), and the aggregate gross value of all the membership interests in Charter Holdings (including liabilities of Charter Holdings and its Subsidiaries) shall be allocated among the assets of Charter Holdings and its Subsidiaries in accordance with the Charter Allocation Agreement (as described in Section 6.10(h) of the Purchase and Contribution Agreement). Unless otherwise required by applicable law, CCI and the Falcon Holders 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.

The Falcon Holders shall have typical rights with respect to access to Charter LLC's book and records. As soon as reasonably practicable following the end of each fiscal year, but in no event later than July 15, Charter LLC shall furnish to each Falcon Holder Schedule K-1 for such Falcon Holder, and Charter LLC shall furnish to Marc Nathanson (and to any other Falcon Holding requesting such information) a complete copy of Charter LLC's federal information return (Form 1065) for such fiscal year (as filed) and a schedule setting forth each member's capital account balance as of the end of such fiscal year; provided, however, that for the taxable year of Charter LLC in which the Closing occurs, such information must be furnished no later than August 15 following the end of such fiscal year. In addition, Charter LLC shall, upon the request of Marc Nathanson (or other Falcon Holder), promptly provide Marc Nathanson (or such Falcon Holder) with copies of tax-related schedules, workpapers, appraisals, and other documents

Governance

The Falcon Holders will have no voting rights, except that the operating agreement of Charter LLC cannot be amended in a manner that is adverse to the Falcon Holders and that treats the Units of the Falcon Holders in a discriminatory manner vis a vis the Units held by CCI, Paul Allen or their affiliates, without the consent of Holders owning a majority of the Units adversely affected.

Charter LLC will be a manager-managed (and not a member-managed) limited liability company, and the manager(s) will be CCI, PublicCo, and/or their affiliates.

EXHIBIT E

EXCHANGE AGREEMENT TERM SHEET

Certain definitions	Charter LLC: the limited liability company formed to acquire the Sellers' partnership interests in Falcon Communications, L.P. and to hold all of Charter's other cable television systems. PublicCo: the entity through which Charter effects an initial public offering of indirect equity interests in Charter LLC, and its successors.
Right to exchange interests	Any holder of a membership interest in Charter LLC will have the right at any time (subject to the conditions specified in "Conditions to exchange" below) to exchange all or part of its membership interest in Charter LLC for shares of PublicCo common stock. The shares of PublicCo common stock received in the exchange would be: - of the same class as the shares of PublicCo common stock that are publicly traded - duly authorized, validly issued, fully paid, and nonassessable - freely tradable and transferable, subject only to restrictions imposed by applicable securities laws - "Registrable Securities" at the time of their issuance for purposes of the Registration Rights Agreement to be entered into pursuant to the Purchase Agreement
Conditions to exchange	A holder's right to exchange its membership interest in Charter LLC for PublicCo's common stock would be conditioned on the holder's execution and delivery to PublicCo of such investment representations and other undertakings as are customarily given by persons acquiring securities in a private placement. In addition, if PublicCo reasonably determines that, notwithstanding such investment representations and other undertakings, its issuance of common stock in exchange for any holder's membership interest in Charter LLC must be registered under the Securities Act, then, in lieu of issuing common stock in exchange for such membership interest, PublicCo will purchase or cause to be purchased such membership interest for a purchase price in cash equal to the value thereof, as determined under

	"Exchange ratio" below.
Mandatory exchange upon IPO	Each holder will agree to exchange its membership interest in Charter LLC for PublicCo's common stock immediately prior to PublicCo's initial public offering if: - PublicCo's initial public offering will occur concurrently with or after the closing under the Purchase and Contribution Agreement; and - the holder has received an opinion of counsel to PublicCo, in customary form, subject to customary exceptions and qualifications and based upon reasonable assumptions and representations of PublicCo, each holder, and third parties, that the exchange qualifies under Section 351 of the Internal Revenue Code
Exchange ratio	The exchange ratio will be determined in a manner that preserves the exchanging member's relative ownership interest in Charter LLC. To implement the general principle described above, but subject to any modifications that may be appropriate to implement this principle, the value of the shares of PublicCo common stock received in the exchange will be the same as the value of the membership interest in Charter LLC exchanged for such shares, where the value of the exchanged membership interest would be determined by reference to the value of shares of PublicCo common stock. Shares of PublicCo common stock would be valued as follows: - shares of PublicCo common stock would be valued at the price to the public of such shares in PublicCo's initial public offering (before any underwriting or brokerage discounts and commissions) if the exchange occurs concurrently with PublicCo's initial public offering - shares of PublicCo common stock would be valued at the average trading price of such shares for the twenty trading days prior to the exchange if the exchange occurs after PublicCo's initial public offering Regardless of which method is used to value shares of PublicCo common stock, a membership interest in Charter LLC would be valued by reference to the value used for shares of PublicCo

common stock. The parties contemplate that:

- the value of a membership interest in Charter LLC would be the product of the percentage interest represented by such membership interest times the aggregate value of Charter LLC
- the aggregate value of Charter LLC would equal the value of PublicCo's membership interest in Charter LLC divided by the percentage interest represented by PublicCo's membership interest in Charter LLC
- the value of PublicCo's membership interest in Charter LLC would equal the sum of (i) the aggregate value of all outstanding shares of PublicCo common stock, with each share valued as described above, plus (ii) the amount by which the aggregate exercise price of all in-the-money options, warrants, and other similar instruments exercisable or convertible for shares of PublicCo common stock is less than the aggregate value of all PublicCo common stock issuable upon the exercise or conversion thereof

Modification of formulas for calculating the exchange ratio	This term sheet does not prescribe the capital structure of either Charter LLC calculating the exchange ratio or PublicCo and, therefore, equity interests (such as preferred or convertible interests) or liabilities of Charter LLC or PublicCo, or assets of PublicCo other than its interest in Charter LLC may exist that prevent the formulas described under "Exchange ratio" above from preserving an exchanging member's relative ownership interest in Charter LLC. The Exchange Agreement will include appropriate provisions to deal with such equity interests, liabilities, or assets.
Registration Rights	In addition to the Registration Rights provided in the Registration Rights Agreement in the form of Exhibit C to the Purchase and Contribution Agreement, if the exchange of membership interests in Charter LLC for PublicCo common stock is to occur concurrently with PublicCo's initial public offering and shares of PublicCo stock owned by any stockholder of PublicCo will be included in the initial public offering, then each holder of membership interests in Charter LLC will have the right to sell a proportionate number of shares of PublicCo common stock in the initial public offering on substantially the same terms as are described in Section 3 of the Registration Rights Agreement.

EXHIBIT 2.10

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 WANDRY
THOMAS W. BINNING
JACK POTTLE
SDG/MICHIGAN COMMUNICATIONS JOINT VENTURE
FANCH-JV2 MASTER LIMITED PARTNERSHIP,
COONEY CABLE ASSOCIATES OF OHIO, LIMITED PARTNERSHIP,
MARK TWAIN CABLEVISION 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

("Sellers")

and

CHARTER COMMUNICATIONS, INC.
("Buyer")

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The preceding schedules and exhibits have been omitted from this exhibit. The company agrees to provide copies of such schedules and exhibits to the commission upon request.

PURCHASE AGREEMENT

THIS PURCHASE AGREEMENT (this "Agreement") is made and entered into as of May 21, 1999, by and among BLACKSTONE TWF CAPITAL PARTNERS, L.P., a Delaware limited partnership; BLACKSTONE TWF CAPITAL PARTNERS A L.P., a Delaware limited partnership; BLACKSTONE TWF CAPITAL PARTNERS B L.P., a Delaware limited partnership; BLACKSTONE TWF FAMILY INVESTMENT PARTNERSHIP, L.P., a Delaware limited partnership (collectively "Blackstone"); RCF CARRY, LLC, a Colorado limited liability company; FANCH MANAGEMENT PARTNERS, INC., a Colorado corporation; PBW CARRIED INTEREST, INC., a Colorado corporation; RCF INDIANA MANAGEMENT CORP., a Colorado corporation; SDG/MICHIGAN COMMUNICATIONS JOINT VENTURE; THE ROBERT C. FANCH REVOCABLE TRUST, THOMAS W. BINNING, A. DEAN WANDRY and JACK POTTLE (collectively the "Fanch JV1 Partners" and together with Blackstone, the "FCILP Sellers"); FANCH-JV2 MASTER LIMITED PARTNERSHIP, a Delaware limited partnership ("Master"); COONEY CABLE ASSOCIATES OF OHIO, LIMITED PARTNERSHIP, a Delaware limited partnership ("Cooney"); MARK TWAIN CABLEVISION LIMITED PARTNERSHIP, a Missouri limited partnership ("Twain"); NORTH TEXAS CABLEVISION, LTD., a Texas limited partnership ("NTC"); POST CABLEVISION OF TEXAS, LIMITED PARTNERSHIP, a Texas limited partnership ("Post"); SPRING GREEN COMMUNICATIONS, L.P., a Delaware limited partnership ("Spring Green"); FANCH CABLEVISION OF KANSAS GENERAL PARTNERSHIP, a Rhode Island general partnership ("FKGP"); and FANCH-NARRAGANSETT CSI LIMITED PARTNERSHIP, a Delaware limited partnership ("FNCSI") (Cooney, Master, FCILP Sellers, Twain, NTC, Post, Spring Green, FKGP and FNCSI are sometimes referred to collectively herein as the "Sellers", and each of them is sometimes individually referred to as a "Seller"); and CHARTER COMMUNICATIONS, INC., a Delaware corporation ("Buyer").

RECITALS

(a) FKGP owns all of the outstanding capital stock (the "CSI Stock") of Cable Systems, Inc., a Kansas corporation ("CSI"). Cooney owns all of the capital stock (the "Tioga Stock") of Tioga Cable Company, Inc., a Pennsylvania corporation ("Tioga").

(b) The FCILP Sellers own all of the partnership interests in Fanch Cablevision of Indiana, L.P., a Delaware limited partnership ("FCILP"). FCILP in turn owns all of the capital stock (the "Hornell Stock") of Hornell Television Service, Inc., a New York corporation ("Hornell"). FCILP also will own at Closing (or will have the right to acquire) all of the capital stock (the "ARH Stock") of ARH Ltd. ("ARH"). (The CSI Stock, the Hornell Stock, the Tioga Stock, and the ARH Stock is sometimes referred to herein collectively as the "Stock").

(c) Prior to the Closing hereunder, pursuant to the Distribution Agreement dated the date hereof by and among TWFanch-one Co., a Delaware general partnership ("TWF1"), and its partners (the "TWF1 Distribution Agreement") TWF1 will distribute and/or sell to FCILP the ARH Stock (subject to Section 6.9(f) and will distribute and/or sell to FCILP and Hornell, cable television systems (the "TWF1 Systems") serving the communities listed on Schedule 1.0(c) under the heading "TWF1 Service Areas."

(d) Prior to the Closing hereunder, TWFanch-two Co., a Delaware general partnership, ("TWF2") pursuant to an agreement dated the date hereof by and among TWF2 and its partners (the "TWF2 Distribution Agreement"), will distribute and/or sell to Cooney, Tioga and Master, the cable television systems (the "TWF2 Systems") serving the communities listed on Schedule 1.0 (d) under the heading "TWF2 Service Areas." All of the TWF2 Systems will be distributed to either Cooney, Master or Tioga.

(e) NTC, Post, Spring Green, CSI, FNCSI and Twain on the date hereof own the cable television systems serving the communities listed on Schedule 1.0(e). The areas listed on Schedules 1.0(c), 1.0(d) and 1.0(e) are sometimes referred to collectively as the "Service Areas."

(f) Cooney, Master, Twain, NTC, Post, Spring Green and FNCSI are sometimes herein referred to collectively as the "Asset Sellers"). CSI, Hornell, Tioga, ARH and FCILP are sometimes herein referred to collectively as the "Controlled Entities"). The Asset Sellers and the Controlled Entities are sometimes together referred to herein as the "Operating Entities."

(g) FKGP has agreed to sell the CSI Stock to Buyer, and Buyer has agreed to acquire the CSI Stock from FKGP, upon the terms and conditions set forth in this Agreement.

(h) Cooney has agreed to sell the Tioga Stock to Buyer, and Buyer has agreed to acquire the Tioga Stock from Cooney, upon the terms and conditions set forth in this Agreement.

(i) The FCILP Sellers have agreed to sell the partnership interests in FCILP (the "FCILP Interests") to Buyer, and Buyer has agreed to acquire the FCILP Interests from the FCILP Sellers, upon the terms and conditions set forth in this Agreement.

(j) Asset Sellers have agreed to convey to Buyer, and Buyer has agreed to purchase from Sellers, the Asset Sellers Assets (as hereinafter defined), other than the Asset Sellers Excluded Assets (as hereinafter defined), upon the terms and conditions set forth in this Agreement.

AGREEMENTS

In consideration of the mutual covenants and promises set forth herein, Buyer and Sellers agree as follows:

ARTICLE I. CERTAIN DEFINITIONS

SECTION 1.1 DEFINITIONS

As used in this Agreement, the following terms, whether in singular or plural forms, shall have the following meanings:

"Accounts Receivable" shall mean all rights of the Operating Entities to payment for goods or services provided prior to the Adjustment Time (including, but not limited to, rights to payment for cable services provided to customers of the Systems, the sale of advertising, the leasing of channels, and other goods, services and rentals).

"Adjustment Time" shall mean 12:01 a.m. on the Closing Date.

"Affiliate" shall mean, with respect to any Person, any other Person controlling, controlled by or under common control with such Person, with "control" for such purpose meaning the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities or voting interests, by contract or otherwise.

"Agreement" means this Purchase Agreement including all schedules and exhibits attached hereto, as may be amended from time to time.

"Allocation" has the meaning set forth at Section 2.4(d).

"ARH" means ARH, Ltd., a Colorado corporation.

"ARH Price Factor" shall have the meaning set forth at Section 6.9.

"ARH Purchase Agreement" shall mean the Stock Purchase Agreement dated May 12, 1999 between TWF1 and ARH, Ltd. ("ARH").

"ARH Stock" shall have the meaning set forth at Section 6.9.

"ARH Subscriber Number" means 17,656.

"ARH Systems" shall have the meaning set forth at Section 6.9.

"Assets" means the Asset Sellers Assets and the Controlled Entity Assets.

"Asset Sellers" shall have the meaning set forth in the Recitals.

"Asset Sellers Assets" has the meaning set forth at Section 2.1(b).

"Asset Sellers Business" shall mean the business of owning, operating and maintaining the Asset Sellers Systems, including, but not limited to, the provision of cable television service by Asset Sellers to subscribers of the Asset Sellers Systems.

"Asset Sellers Contracts" has the meaning set forth at Section 2.1(b)(v).

"Asset Sellers Excluded Assets" has the meaning set forth at Section 2.2.

"Asset Sellers Franchises" has the meaning set forth at Section 2.1(b)(iii).

"Asset Sellers Licenses" has the meaning set forth at Section 2.1(b)(iv).

"Asset Sellers Systems" shall mean the cable television systems now owned by Twain, Spring Green, NTC, Post and FNCSI, which serve the areas listed for such entities on Schedule 1.0(e); and the TWF2 Systems, other than those distributed to Tioga.

"Assumed Obligations and Liabilities" has the meaning set forth at Section 2.3(a).

"Basic Cable" means the lowest level package of programming services that includes all retransmitted off-air broadcast signals and that must be purchased in order to subscribe to other levels of service.

"Bill of Sale" means the Bill of Sale and Assignment in the form annexed hereto as Exhibit B.

"Bulk Subscribers" shall mean, for each System, the quotient obtained by dividing (A) the aggregate dollar monthly amount billed for the calendar month immediately prior to the month in which Closing occurs to commercial accounts and to bulk accounts such as hotels, motels, hospitals, apartment houses, college dormitories and similar multiple dwelling units for which payment is made on a bulk basis on behalf of residents, students or guests for Basic Cable and, if applicable, Expanded Cable by (B) (i) the monthly rate for Basic Cable and if applicable, Expanded Cable in such System if the account receives Basic Cable and Expanded Cable, or (ii) the monthly rate for Basic

Cable in such System if the account receives only Basic Cable (excluding pass-through charges for sales taxes, line-itemized franchise fees, fees charged by the FCC and other similar line-itemized charges). In making this calculation there shall be included only billings to commercial/bulk accounts that have paid in full at least one monthly bill for cable television service and has not more than ten dollars ($10.00) more than 65 days past due (excluding late fees and charges and amounts subject to a bona fide dispute).

"Business" shall mean the business of operating the Systems.

"Business Day" shall mean any day other than Saturday, Sunday or a day on which banking institutions in New York, New York are required or authorized to be closed.

"Cable Act" means Title VI of the Communications Act of 1934, as amended, 47 U.S.C. Sections 151 et. seq., and all provisions of the Cable Communications Policy Act OF 1984, the Cable Television Consumer Protection and Competition Act of 1992, and the provisions of the Telecommunications Act of 1996 amending Title VI of the Communications Act of 1934, in each case as amended and in effect from time to time.

"Capacity Licenses" shall mean the capacity license agreements, fiber optic agreements and similar agreements described on Schedule 5.16 by which an Operating Entity either licenses capacity or grants a right to use capacity on fibers to another Person, or by which an Operating Entity has the right to use fibers owned by another Person.

"Capital Expenditure" means expenditures that would be characterized as capital expenditures under GAAP.

"Closing" has the meaning given in Section 8.1.

"Closing Date" has the meaning given in Section 8.1.

"Code" shall mean the Internal Revenue Code of 1986, as amended, and the regulations thereunder, or any subsequent legislative enactment thereof, as in effect from time to time.

"Commercially Reasonable Efforts" shall mean such efforts as do not require the party to (i) undertake extraordinary or unreasonable measures, including, without limitation, the initiation or prosecution of legal proceedings or the payment of fees in excess of normal and usual filing and processing fees or (ii) assume any material additional liability or make any material additional commitment.

"Consents" shall mean the consents, permits, approvals and authorizations of Governmental Authorities and other Persons necessary to transfer the Stock and Asset Sellers Assets to Buyer and to consummate the other transactions contemplated by this Agreement.

"Contracts" shall have the meaning set forth at Section 2.1(b)(v).

"Controlled Entities" has the meaning set forth in the Recitals.

"Controlled Entity Business" shall mean the business of owning, operating and maintaining the Controlled Entity Systems, including the provision of cable television service by the Controlled Entity to subscribers of the Controlled Entity Systems.

"Controlled Entity Credit Agreements" means (i) the Loan Agreement dated January 27, 1993 among Fleet National Bank, CSI and FNCSI, as amended, and the security agreements and other documents executed in connection therewith; (ii) the Consulting Agreement dated January 12, 1988 between CSI and Eugene Smith, as amended by an Amendment to Consulting Agreement dated December 31, 1992; and (iii) the credit agreement that will be in effect at Closing governing long-term debt of FCILP, Hornell and (if the acquisition of the ARH Stock has closed prior to Closing) ARH.

"Controlled Entity Liabilities" shall mean all liabilities of the Controlled Entities that would be required to be shown as a liability of the Controlled Entities on a balance sheet prepared in accordance with GAAP, including the outstanding amount of loans under the Controlled Entity Credit Agreements, including current maturities thereunder.

"Controlled Entity Excluded Assets" has the meaning set forth at Section 2.2.

"Controlled Entity Systems" shall mean the TWF1 Systems, the cable television systems owned by CSI that serve the Service Areas listed on Schedule 1.0(e) which designate CSI as the service provider, the TWF2 Systems that are distributed to Tioga, and the ARH Systems.

"Copyright Act" means the Copyright Act of 1976, as amended.

"Current Items Amount" has the meaning set forth at Section 2.6.

"EBU's" shall mean the sum of (A) Good Subscribers plus (b) Bulk Subscribers.

"EBU Adjustment Factor" shall mean Four Thousand Five Hundred Seventy-one Dollars ($4,571).

"Eligible Accounts Receivable" has the meaning set forth at Section 2.6(a).

"Employee Benefit Plan" means any pension, retirement, profit- sharing, deferred compensation, vacation, severance, bonus, incentive, medical, vision, dental, disability, life insurance or any other material employee benefit plan as defined in Section 3(3) of ERISA or any other employee plan or program for the benefit of any employees of the Systems.

"Encumbrances" shall mean any pledge, claim, mortgage, lien, charge, encumbrance or security interest of any kind or nature whatsoever.

"Entity Sellers" means the FCILP Sellers, Cooney (in its capacity as the owner of the Tioga Stock) and FKGP.

"Environmental Law" means any Legal Requirement pertaining to land use, air, soil, surface water, groundwater (including the protection, cleanup, removal, remediation or damage thereof), the handling, storage, treatment or disposal of waste, including hazardous waste, and the handling, storage, manufacture, treatment or transportation of hazardous materials, or to the protection of public health and safety, occupational health and safety or worker health and safety or any other environmental matter, including the following laws as amended and as in effect at the relevant time (including, but not limited to, the following statutes, any regulations promulgated pursuant to any of them, any permits, licenses or authorizations issued thereunder, any state or regional analogues thereto and any permits or regulations issued thereunder): (A) Clean Air Act (42 U.S.C. Section 7401, et seq.); (B) Clean Water Act (33 U.S.C. Section 1251, et seq.); (C) Resource Conservation and Recovery Act (42 U.S.C. Section 6901, et seq.); (D) Comprehensive Environmental Response, Compensation and Liability Act (42 U.S.C. Section 9601, et seq.); (E) Safe Drinking Water Act (42 U.S.C. 300f, et seq.); (F) the Hazardous Materials Transportation Act; (G) the Federal Insecticide, Fungicide and Rodenticide Act and (H) Toxic Substances Control Act (15 U.S.C. Section 2601, et seq.).

"Equipment" means the Asset Sellers Equipment and the Controlled Entity Equipment.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended.

"Escrow Agent" shall mean Bank of Montreal or such other party as Buyer and Sellers shall agree.

"Excluded Assets" means the Controlled Entities' Excluded Assets and the Asset Sellers Excluded Assets.

"Expanded Cable" means the package or packages of programming service that are offered to subscribers separately from Basic Cable for a charge that is in addition to the charge for Basic Cable, and that can only be purchased by subscribers that also receive Basic Cable; provided that "Expanded Cable" does not include Pay TV, a la carte programming tiers, or other programming services offered on a per-channel or pay-per-view basis.

"Expenses" has the meaning set forth at Section 2.6 (c)

"FCC" means the Federal Communications Commission.

"FCC Licenses" shall mean any licenses issued or granted to the Operating Entities by the FCC, including all amendments thereto and renewals or modifications thereof.

"FCC Regulations" means the rules, regulations and published policies of the FCC promulgated by the FCC with respect to the Cable Act, as in effect from time to time.

"FCILP Interests" has the meaning given in the Recitals.

"Final Adjustment Certificate" has the meaning set forth at Section 2.8(b).

"Financial Statements" has the meaning set forth at Section 5.15.

"Franchises" means the Corporations Franchises and the Asset Sellers Franchises.

"Franchising Authorities" shall mean all Governmental Authorities that have issued or granted any Franchises relating to the operation of the Systems.

"GAAP" shall mean generally accepted accounting principles as in effect in the United States of America.

"Good Subscriber" shall mean each household or individual or business (other than accounts that pay on a bulk basis on behalf of multiple users or that pay a commercial rate that is different from the rate charged to individuals) that at the date of determination (i) subscribes to Basic Cable provided by a System (exclusive of secondary outlets and courtesy accounts), (ii) pays the System's standard rate for Basic Cable (including discounted rates offered in the ordinary course of business consistent with past practice), (iii) has paid for at least one month of service, and (iv) has not more than ten dollars ($10.00) more than 65 days past due (excluding late fees and charges and amounts subject to a bona fide dispute). Notwithstanding the foregoing, if the Closing occurs in December, November data will be used to determine the number of Good Subscribers in the Systems served from the headends in Murray and Mayfield, Kentucky.

"Governmental Authority" means the United States of America, any state, commonwealth, territory, or possession thereof, and any political subdivision or quasi-governmental authority of any of the same, including any court, tribunal, department, bureau, commission or board.

"Hazardous Substances" shall mean any pollutant or contaminant, any hazardous or toxic substance, material, constituent or waste or any pollutant, in any case that is labeled or regulated as such by any Governmental Authority pursuant to an Environmental Law, including petroleum or petroleum compounds, radioactive materials, asbestos or any asbestos-containing material, or polychlorinated biphenyls.

"Hornell" has the meaning given in the Recitals.

"HSR ACT" means the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended.

"Indemnitee" has the meaning set forth at Section 11.3(a)

"Indemnity Escrow Amount" has the meaning set forth at Section 2.5.

"Indemnitor" has the meaning set forth at Section 11.3(a)

"Indemnity Escrow Agreement" shall mean the Indemnity Escrow Agreement among Buyer, Sellers and Escrow Agent, substantially in the form annexed hereto as Exhibit A.

"Indemnity Limit" has the meaning given at Section 2.5 hereof.

"Initial Adjustment Certificate" has the meaning set forth at Section 2.8(a)

"Judgment" means any judgment, writ, order, injunction, award, or decree of any court, judge, justice, magistrate, Governmental Authority or arbitrators.

"Leased Real Property" means the Corporations Leased Real Property and the Asset Sellers Leased Real Property.

"Legal Requirements" means applicable common law and any statute, ordinance, code or other law, rule, regulation, or order enacted, adopted or promulgated by any Governmental Authority, including, without limitation, Judgments and the Franchises.

"Licenses" has the meaning set forth at Section 5.6.

"Lien" means any security agreement, any financing statement filed with any Governmental Authority, any conditional sale or other title retention agreement, and any lease, consignment or bailment given for purposes of security.

"Litigation" means any claim, action, suit, proceeding, arbitration, investigation, hearing, or other similar activity or procedure that could result in a Judgment.

"Losses" means any claims, losses, liabilities, damages, penalties, costs, and expenses, including, without limitation, reasonable counsel fees and costs and expenses incurred in the investigation, defense or settlement of any claims covered by the indemnification provided for in Article 11 hereof, but shall in no event include incidental or consequential damages.

"Mandatory Consents" has the meaning given at Section 5.3.

"Material Adverse Effect" means a material adverse effect on the business, results of operations, assets or financial condition of the Operating Entities or the Business taken as a whole, but without giving effect to any effect resulting from changes in conditions (including economic conditions, changes in FCC Regulations, or federal, state or local governmental actions, legislation or regulations) that are applicable to the economy or the cable television industry on a national, regional, state or local basis or any changes in technology or competition affecting the business of the Operating Entities.

"Operating Entities" has the meaning given in the Recitals.

"Outside Closing Date" has the meaning set forth at Section 8.1(b).

"Owned Real Property" means the Controlled Entity Owned Real Property and the Asset Sellers Owned Real Property.

"Owner" means any FCILP Seller, any general partner or any limited partner of a Seller, or any partner, stockholder, director or officer of a Controlled Entity or of any entity that is a partner of a Seller.

"Ownership Interests" means the FCILP Interests, the Tioga Stock and the CSI Stock.

"Pay TV" means premium programming services selected by and sold to subscribers on a per-channel or per-program basis.

"Pending Acquisitions" has the meaning given at Section 6.1.

"Permitted Lien" means (i) Liens for Taxes that are not yet due and payable or that are being contested in good faith by appropriate proceedings and for which adequate reserves have been established by Sellers, (ii) rights reserved to any Governmental Authority to regulate the affected property, (iii) as to leased Assets, interests of the lessors thereof and Liens affecting the interests of the lessors thereof, (iv) inchoate materialmen's, mechanics', workmen's, repairmen's or other like Liens arising in the ordinary course of business, (v) as to any parcel of Owned Real Property or Leased Real Property, easements, building restrictions, deed restrictions, rights of subsurface and mineral owners, and other Liens that do not adversely affect or impair the use thereof as it is currently being used by the Corporations or Asset Sellers in the ordinary course of their business, (vi) as to the Stock, restrictions on transfer imposed by Federal and state securities laws and regulations, (vii) in the case of CSI and FNCSI, Liens securing CSI's and FNCSI's obligations under the CSI Credit Agreement, and (viii) Liens described on Schedule 5.4.

"Person" means any natural person, Governmental Authority, corporation, general or limited partnership, joint venture, trust, association, limited liability company, or unincorporated entity of any kind.

"Pole Attachment Agreements" means pole attachment authorizations and agreements held by an Operating Entity that relate to a System and were granted by a public utility or other Person providing utility services or by a municipality or other Governmental Authority.

"Purchase Price" has the meaning set forth at Section 2.4(a).

"Real Property" means Owned Real Property and Leased Real Property.

"Recent Purchase Agreements" shall mean the purchase agreements described on Schedule 5.15.

"Recently Acquired Systems" shall mean the Systems acquired under the Recent Purchase Agreements.

"Required Consents" has the meaning given at Section 5.3.

"Road Runner Contracts" means (i) the Agreement dated January 27, 1999 between TWF1 and ServiceCo., LLC, (ii) the Agreement dated July 21, 1998, between TWF1 and Convergence.com Corporation, and (iii) the letter of intent dated May 3, 1999 between ServiceCo, LLC and TWF2.

"Service Areas" mean the geographic areas served by the Systems, as listed on Schedule 1.0(c), 1.0(d) and 1.0(e).

"Social Contract" means the Social Contract between TWE, TWI Cable, Inc. and Time Warner Entertainment-Advance/Newhouse Partnership, or any subsidiary, division or affiliate thereof, and the FCC, effective November 30, 1995 (FCC 95-478), as amended through the date hereof.

"Social Contract Systems" has the meaning set forth at Section 5.22.

"Stock" means the ARH Stock, the Hornell Stock, the CSI Stock and the Tioga Stock.

"Subscriber Adjustment" shall have the meaning given at Section 2.7 hereof.

"Subsidiary" means, with respect to any Person, any other person of which the outstanding voting stock or partnership interests or membership interests sufficient to elect at least a majority of its board of directors or other governing body (or, if there are no such voting interests, of which 50% or more of the equity interests) is owned (beneficially or otherwise) directly or indirectly by such first Person or any Subsidiary thereof.

"System" means any of the Systems.

"Systems" shall mean the cable television systems serving the areas listed on Schedules 1.0(c), 1.0(d) and 1.0(e).

"Taxes" shall mean any and all taxes, fees, levies, duties, tariffs, imposts, and other charges of any kind (together with any and all interest, penalties, additions to tax and additional amounts imposed with respect thereto) imposed by any Taxing Authority, including but not limited to income, sales, use, ad valorem, value added, franchise, severance, net or gross proceeds, withholding, payroll, employment, excise or property taxes, and similar charges.

"Taxing Authority" shall mean any federal, state, local or foreign governmental body or political subdivision with the power to impose Taxes.

"Tax Returns" shall mean any return, report, information return or other document (including any related or supporting information) filed or required to be filed with any Taxing Authority in connection with the determination, assessment, collection, administration or reposition of any Taxes.

"Tioga" has the meaning given in the Recitals.

"Threshold EBU Number" shall mean 525,000.

"Transferable Franchise Areas" shall have the meaning given at Section 7.3.

"Transaction Documents" shall mean this Agreement, the Indemnity Escrow Agreements, and each other instrument, document, certificate and agreement required or contemplated to be executed and delivered hereunder and thereunder.

"To Sellers' Knowledge" or the equivalent means to the actual knowledge of Jack Pottle, Robert C. Fanch or Jeffrey D. Elberson.

TWF1 Distribution Agreement" and "TWF2 Distribution Agreement" shall have the meanings set forth in the Recitals.

"TWF1 Systems" has the meaning given in the Recitals.

"TWF2 Systems" has the meaning given in the Recitals.

ARTICLE II. PURCHASE AND SALE

SECTION 2.1 COVENANT OF PURCHASE AND SALE; STOCK AND ASSETS.

a. PURCHASE AND SALE OF OWNERSHIP INTERESTS. Subject to the terms and conditions set forth in this Agreement, at Closing (i) FKGP shall sell, convey and transfer to Buyer, and Buyer shall acquire from FKGP the CSI Stock, free and clear of any Encumbrances, and the original minute books, stock records and corporate records of CSI, (ii) the FCILP Sellers shall sell, convey and transfer to Buyer, and Buyer shall acquire from the FCILP Sellers all of the FCILP Interests free and clear of any Encumbrances (other than Encumbrances under the Controlled Entity Credit Agreements that would be released upon payment of the indebtedness under the Controlled Entity Credit Agreement applicable to FCILP), and (iii) Cooney shall sell, convey and transfer to Buyer, and Buyer shall acquire from Cooney the Tioga Stock free and clear of any Encumbrances, and the original minute books, stock records and corporate records of Tioga.

b. PURCHASE AND SALE OF ASSET SELLERS ASSETS. At Closing, subject to the terms and conditions set forth in this Agreement, Asset Sellers shall sell, convey, assign, and transfer to Buyer, and Buyer shall acquire from Asset Sellers, free and clear of all Liens (except for Permitted Liens), all right, title and interest in all of the assets and properties, real and personal, tangible and intangible, used or held for use by Asset Sellers in the operation of the Asset Sellers Business and the Asset Sellers Systems (the "Asset Sellers Assets"; provided that Asset Sellers Assets does not include the Tioga Stock), including, without limitation, the following:

i. Equipment. All tangible personal property owned or leased by Asset Sellers and used in connection with the Asset Sellers Systems, including, without limitation, antennae, aboveground and underground cable, distribution systems, headend and line amplifiers, programming signal decoders for each satellite service which scrambles its signal, housedrops, including disconnected housedrops, utility poles, local origination equipment, vehicles and trailers, microwave equipment, testing equipment, furniture, fixtures, and other physical assets. All vehicles used or held for use in the operation of the Systems (except the ARH Systems) are described on Schedule 2.1(b)(i) and at Closing will be owned by an Asset Seller or an Operating Entity. Schedule 2.1(b)(i) lists all vehicles used in the Systems.

ii. Real Property. All interests in real property used by Asset Sellers in connection with the operation of the Asset Sellers Business, including all interest in, title and rights to improvements, fixtures and appurtenances thereon, owned by Asset Sellers. Schedule 2.1(b)(ii) lists all real property owned by TWF1, TWF2 or an Operating Entity and used in operation of the Systems (the "Owned Real Property"). Schedule 2.1(b)(ii) lists all material real property leased by TWF1 or TWF2 or an Operating Entity and used or held for use in the operation of the Systems (the "Leased Real Property").

iii. Franchises. Any cable television franchises, related agreements, ordinances, permits, instruments, resolutions or other authorizations, issued to or granted to the Asset Sellers by any Franchising Authority, including amendments thereto and renewals or modifications thereof authorizing the construction or operation of the Asset Sellers Systems (individually an "Asset Sellers Franchise" and collectively, the "Asset Sellers Franchises"). All of the cable television franchises relating to the Systems are listed on Schedule 2.1(b)(iii), which Schedule will be revised at or before Closing to designate those Franchises to be held at Closing by the Asset Sellers and those held by Controlled Entities.

iv. Licenses. The cable television relay service (CARS), business radio and other licenses, authorizations, FCC Licenses or permits issued by the FCC or any other Governmental Authority used in the operation of the Asset Sellers Business that are held by Asset Sellers and in effect as of the date hereof or entered into or obtained by Asset Sellers in the ordinary course of business between the date hereof and the Closing Date, (the "Asset Sellers Licenses").

v. Contracts. The private easements or rights of access, contractual rights to easements, Capacity Licenses, Pole Attachment Agreements or joint line agreements, tower space lease agreements, advertising agreements, underground conduit agreements, crossing agreements, bulk and commercial service agreements, retransmission consent agreements and must-carry requests, high-speed data and similar agreements, and all other agreements, written or oral (including any amendments and other modifications thereto) to which any Asset Seller is a party or which affect the Asset Sellers Assets, the Asset Sellers Business, or the Asset Sellers Systems in effect as of the date hereof or entered or obtained in the ordinary course of business between the date hereof and the Closing Date as permitted by this Agreement (other than Asset Sellers Excluded Assets) (the "Asset Sellers Contracts").

vi. Accounts Receivable. All Accounts Receivable of the Asset Sellers.

vii. Recent Purchase Agreements. Asset Sellers' rights under the Recent Purchase Agreements and any escrow arrangements thereunder, to the extent the same relate to Systems acquired by Buyer hereunder.

viii. Goodwill. The goodwill associated with the Asset Sellers Business.

ix. Books and Records. All engineering records, files, data, drawings, blueprints, schematics and maps, if any, of the Asset Sellers Systems.

SECTION 2.2 EXCLUDED ASSETS.

a. CONTROLLED ENTITY EXCLUDED ASSETS. Notwithstanding the provisions of Sections 2.1 or 5.5, the Controlled Entity Assets shall not include the following, which shall be either terminated by the Controlled Entities prior to or at Closing or assigned by the Controlled Entities to another entity at or prior to Closing (the "Corporations Excluded Assets"):

i. The Controlled Entities' programming agreements, and the Road Runner Contracts, which at or prior to Closing shall be either terminated by the Controlled Entities or assigned by the Controlled Entities to an Affiliate of a Seller but not to a Controlled Entity or an Asset Seller;

ii. Bonds, letters of credit, surety instruments, and other similar items maintained by the Controlled Entities (any of the same maintained by the Controlled Entities will be terminated at Closing);

iii. The Controlled Entities insurance policies, which will be terminated at Closing; and any insurance policies and rights and claims thereunder, including any keyman life insurance policies and any life insurance insuring the life of Robert C. Fanch;

iv. Subject to the provisions of Section 3.3, the trade names "CableComm" and "ConnecTV" and variations thereof; and

v. All assets located in Denver, Colorado including the Oracle computer system (including hardware) in Denver, Colorado used by certain Operating Entities for accounting, payroll and similar functions.

b. ASSET SELLERS EXCLUDED ASSETS. Notwithstanding the provisions of Section 2.1, the Asset Sellers Assets shall not include the following, which shall be retained by Asset Sellers (the "Asset Sellers Excluded Assets" and, together with the Controlled Entity Excluded Assets, the "Excluded Assets"):

i. the Road Runner Contracts, and all programming agreements of Asset Sellers except the high-speed data and similar agreements listed on Schedule 2.2(b)(i);

ii. bonds, letters of credit, surety instruments, and other similar items;

iii. cash and cash equivalents of Asset Sellers;

iv. equipment owned by customers of the Asset Sellers Business, such as converters purchased by customers and house wiring;

v. the account books of original entry, general ledgers and financial records of Asset Sellers used in connection with the Asset Seller Systems, provided, however, that Asset Sellers shall (i) from time to time upon reasonable notice from Buyer, provide to Buyer access to and copies of any of such books and records as then may be in Asset Sellers' possession if required by Buyer for business purposes, and (ii) retain possession of such books and records for a reasonable period, not to exceed three (3) years from the Closing Date;

vi. subject to the provisions of Section 3.3, Asset Sellers' trademarks, trade names, service marks, service names, logos, and similar proprietary rights, including the names "CableComm" and "ConnecTV";

vii. promissory notes; and

viii. any right to a rebate for overfunding of health insurance plans.

SECTION 2.3 ASSUMED AND RETAINED OBLIGATIONS AND LIABILITIES.

a. Assumed Obligations and Liabilities. Subject to the terms and conditions of this Agreement, from and after the Closing Date, the Controlled Entities shall remain solely liable for all of their liabilities and obligations, and Buyer shall assume, pay, discharge, and perform the following obligations and liabilities of Sellers (the "Assumed Obligations and Liabilities"):

i. those obligations and liabilities attributable to periods on or after the Closing Date that arise out of or relate to the Ownership Interests, the Asset Sellers Franchises, Asset Sellers Licenses, Asset Sellers Contracts, Asset Sellers Assets, Asset Sellers Systems, or Asset Sellers Business, and those that arise out of or relate to the Recent Purchase Agreements;

ii. All obligations and liabilities under the Capacity Licenses;

iii. All obligations and liabilities under the Social Contract relating to the Systems;

iv. All obligations and liabilities under the ARH Purchase Agreement, unless the same has been terminated at the date of Closing;

v. the obligations and liabilities through and including December 31, 2000 under the billing services agreement by which CSG provides billing services to certain Systems;

vi. other obligations and liabilities of Asset Sellers (including those used in computing the Current Items Amount) for which there shall be a reduction in the Purchase Price with respect thereto pursuant to Section 2.6;

vii. all obligations and liabilities arising out of or relating to the ownership of the Asset Sellers Assets, the Ownership Interests or the Stock and/or operation of the Systems and the Business after the Closing Date excluding Taxes the Entity Sellers, Hornell and Tioga owe as a result of their ownership of the Ownership Interests before Closing and as a result of the consummation of the transactions contemplated in Section 7.2(i); and

viii. all obligations and liabilities arising out of or relating to the Assets, the Stock or the Ownership Interests, and/or operations of the Systems or the Business on or prior to the Closing Date (including without limitation any accrued or incurred claims pursuant to any employee benefit plans or compensation plans) to the extent the same exceed the limit of Sellers' indemnification liability to Buyer under Article XI hereof, excluding Taxes the Entity Sellers, Hornell and Tioga owe as a result of their ownership of the Ownership Interests before Closing and as a result of the consummation of the transactions contemplated in Section 7.2(i).

b. Retained Obligations and Liabilities. The following obligations and liabilities arising out of or relating to the Asset Sellers Assets and the Asset Sellers

Business other than the Assumed Obligations and Liabilities shall remain and be the obligations and liabilities of Asset Sellers (collectively, the "Retained Obligations and Liabilities"):

i. To the extent of the limit of Asset Sellers' indemnification obligation under Article XI hereof, all obligations and liabilities arising before the Closing Date with respect to the Asset Sellers Assets and the Asset Sellers Business excluding, however, obligations and liabilities included in the Current Items Amount; and

ii. all obligations and liabilities arising out of or with respect to the Excluded Assets.

Notwithstanding anything to the contrary, "Retained Obligations and Liabilities" does not include any obligations or liabilities of the Controlled Entities, all of which (including without limitation obligations under the TWF1 Distribution Agreement and the TWF2 Distribution Agreement and any Capacity License Agreement to which a Controlled Entity is a party or under which a Controlled Entity is bound) shall remain the sole obligations of the Controlled Entities.

SECTION 2.4 PURCHASE PRICE.

a. Purchase Price. As consideration for its purchase of the Asset Sellers Assets and the Ownership Interests, Buyer shall pay to Sellers (allocated among Sellers as provided at subsection (d) of this Section 2.4) a total price of Two Billion Four Hundred Million Dollars ($2,400,000,000), which amount shall be subject to adjustment under certain circumstances as set forth herein (the "Purchase Price").

b. Payment for Ownership Interests.

(1) The Purchase Price shall be (A) reduced by the long-term liabilities of CSI and current maturities of long-term debt, computed under GAAP as of Closing (the "CSI Liabilities"); and (B) increased by cash, marketable securities and cash equivalents of CSI as of Closing. Such reduction shall be allocated to the portion of the Purchase Price allocable to the CSI Stock.

(2) The Purchase Price shall be (A) reduced by the long-term liabilities of FCILP and current maturities of long-term debt on a consolidated basis, computed under GAAP as of Closing, including Hornell and ARH (the "FCILP Liabilities"); and (B) increased by cash, marketable securities and cash equivalents of FCILP, Hornell and

ARH as of Closing. Such reduction shall be allocated to the portion of the Purchase Price allocable to the FCILP Interests.

(3) The Purchase Price shall be (A) reduced by long-term liabilities of Tioga and current maturities of long-term debt, computed under GAAP as of Closing (the "Tioga Liabilities"); and (B) increased by cash, marketable securities and cash equivalents of Tioga as of Closing. Such reduction shall be allocated to the portion of the Purchase Price allocable to the Tioga Stock

c. Payment of Purchase Price. (I) At Closing, Buyer shall pay to Sellers the Purchase Price, adjusted under Sections 2.4(e) and 2.7 hereof, and adjusted for the Entity Sellers under clause (6) above, plus or minus the Current Items Amount of the Asset Sellers and the Controlled Entities as calculated and estimated in the Initial Adjustment Certificate, less the Indemnity Escrow Amount that shall be deposited at Closing by Buyer into the indemnity escrow account established pursuant to Section 2.5 below.

d. Purchase Price Allocation.

(1) The allocation (the "Allocation") of the aggregate amount of the Purchase Price among the CSI Stock, the Tioga Stock, the FCILP Interests and the Asset Sellers Assets of each Asset Seller is as follows for this purpose Post and NTC shall be aggregated as one Seller Group, and the CSI Stock and FNCSI Assets shall be aggregated:

FCILP Interests	$1,820,014,844
Cooney Assets	$ 53,116,817
Tioga Stock	$ 3,979,189
Master Assets	$ 344,179,745
Twain Assets	$ 19,111,911
CSI Stock and FNCSI Assets	$ 40,209,376
NTC and Post	$ 80,192,809
Spring Green	$ 39,195,309

Sellers may modify the Allocation at or before Closing; provided that such modification shall be in writing, delivered to Buyer no fewer than ten (10) days prior to Closing, and shall be subject to Buyer's consent, which consent shall not be unreasonably withheld.

(2) For purposes of this Section 2.4(d)(2), Purchase Consideration shall equal $2,400,000,000 plus any liabilities assumed by Buyer pursuant to Section 2.3 of this Agreement to the extent such liabilities have not been taken into account as an

adjustment to Purchase Price pursuant to Section 2.4(b) or otherwise in this Agreement (other than pursuant to Section 2.8), and provided such liabilities are properly taken into account under Section 1060 of the Code. The Purchase Consideration allocable to the Asset Sellers Assets of each Asset Seller shall be further allocated among the Asset Sellers Assets of each such Asset Seller in an allocation agreement (the "Allocation Agreement") to be prepared in accordance with the rules under Section 1060 of the Code, and (B) the aggregate amount of the Purchase Consideration allocable to the FCILP Interests (the "FCILP Purchase Consideration") shall be allocated in such Allocation Agreement among the FCILP Systems, the stock of Hornell (the "Hornell Stock"), and if applicable, the ARH Stock, in accordance with the rules under Sections 743(b), 751, 755 and 1060 of the Code, where applicable; provided that the amount allocated to the ARH Stock will be $89,888,974. Sellers shall deliver a draft of the Allocation Agreement to the Buyer at least sixty (60) days prior to the Closing Date for approval and consent, and Buyer and the Sellers shall use Commercially Reasonable Efforts to mutually agree upon the Allocation Agreement prior to the Closing Date. In this regard, Buyer and Sellers agree that for purposes of such Allocation Agreement (A) each Asset Sellers Asset that is a tangible asset shall be allocated that portion of the Purchase Consideration equal to its tax basis, reflecting all tax depreciation and retirements and additions through the Closing Date, and any remaining amount of the Purchase Consideration allocable to the Asset Sellers Assets of each Asset Seller shall be allocated to such Asset Sellers Franchises, and (B) each asset of the FCILP Systems that is a tangible asset shall be allocated that portion of the FCILP Purchase Consideration equal to its tax basis reflecting all tax depreciation and retirements and additions through the Closing Date and any remaining amount of the FCILP Purchase Consideration not otherwise allocable to the Hornell Stock or the ARH Stock shall be allocated to the Controlled Entity Franchises comprising the FCILP Systems. Neither Buyer nor the Sellers shall unreasonably withhold its approval and consent with respect to the Allocation Agreement. Buyer and the Sellers agree that the Allocation Agreement shall be amended to reflect any adjustments determined under Section 2.8 of this Agreement. Unless otherwise required by applicable law, Buyer and the Sellers agree to act, and cause their respective affiliates to act, in accordance with the computations and allocations contained in the Allocation Agreement in any relevant Tax Returns or similar filings (including any forms or reports required to be filed pursuant to Section 1060 of the Code ("1060 Forms")), to cooperate in the preparation of any 1060 Forms, to file such 1060 Forms in the manner required by applicable law and to not take any position inconsistent with such Allocation Agreement upon examination of any tax refund or refund claim, in any litigation or otherwise.

e. Reimbursement for Certain Capital Expenditures. If Closing occurs after December 31, 1999, then at Closing, in addition to the Purchase Price, Buyer shall reimburse Sellers for Capital Expenditures, other than maintenance Capital Expenditures, made by the Operating Entities after December 31, 1999; provided that Sellers shall not make rebuild Capital Expenditures after December 31, 1999 without approval of Buyer, which approval shall not be unreasonably withheld.

SECTION 2.5 INDEMNITY ESCROW.

On the Closing Date Buyer shall pay the aggregate sum of $25,000,000 ("Indemnity Escrow Amount") to the Escrow Agent to be held under an Indemnity Escrow Agreement in the form attached hereto as Exhibit A ("Indemnity Escrow Agreement"). Notwithstanding anything herein to the contrary, the liability under the Indemnity Escrow Agreement shall be limited to the following amounts for each of the following Seller or groups of Sellers (each a "Seller Group"): the FCILP Sellers; Cooney; Master; FKGP and FNCSI (the "Kansas Sellers"); NTC and Post ("Texas Sellers"); Twain; and Spring Green:

Seller Group	Indemnity Limit
FCILP Sellers	$25,000,000
Cooney	$ 2,461,098
Master	$14,835,714
Twain	$ 823,810
Texas Sellers	$ 3,456,675
Spring Green	$ 1,689,496
Kansas Sellers	$ 1,733,207

The foregoing amounts for each Seller Group is referred to herein as the "Indemnity Limit" for that Seller Group. The Indemnity Escrow Amount shall be paid in accordance with the terms of the Indemnity Escrow Agreement. All fees, costs and expenses of the Escrow Agent to be paid pursuant to the Indemnity Escrow Agreement shall be payable by Buyer.

SECTION 2.6 CURRENT ITEMS AMOUNT.

In addition to the payment by Buyer of the Purchase Price, Buyer or Sellers, as appropriate, shall pay to the other the net amount of the adjustments and prorations effected pursuant to Sections 2.6(a), (b), (c), (d) and (e) (collectively, the "Current Items Amount").

a. Accounts Receivable. Sellers shall be entitled to a credit in an amount equal to (i) 100% of accounts receivable of the Operating Entities arising from advertising sales and tower rentals, (ii) one hundred percent (100%) of the face amount of all Eligible Accounts Receivable that are one month or less past due as of the Closing

Date, (iii) ninety-seven percent (97%) of the face amount of all Eligible Accounts Receivable that are more than one month but not more than two months past due as of the Closing Date, (iv) seventy-five percent (75%) of the face amount of all Eligible Accounts Receivable that are more than two months but not more than three months past due as of the Closing Date and (v) zero percent (0%) of the face amount of Eligible Accounts Receivable that are more than three months past due as of the Closing Date. "Eligible Accounts Receivable" shall mean accounts receivable of the Operating Entities resulting from their provision of cable television and/or data service (excluding receivables from sale of advertising or lease of tower space) prior to the Closing Date. Eligible Accounts Receivable does not include receivables in respect of programming launch fees.

b. Advance Payments and Deposits. Buyer shall be entitled to a credit in an amount equal to the aggregate of (i) all refundable deposits of subscribers of the Systems as of the Closing Date, for converters, decoders, and similar items, and (ii) the appropriate portion of all payments received by the Operating Entities prior to Closing for services to be rendered by Buyer after the Closing Date. Buyer shall not be entitled to a credit for any amounts paid to an Operating Entity under a Capacity License Agreement except to the extent that the Operating Entity has an obligation to undertake expenditures thereunder for which it has been paid prior to closing which will be set forth on a schedule to be delivered at Closing to Buyer by Sellers.

c. Expenses. As of the Closing Date, the following expenses of the Operating Entities (the "Expenses") shall be prorated, in accordance with GAAP, according to the principle that all such Expenses for periods prior to the Closing Date shall be for the account of Sellers, and all such expenses for periods after the Closing Date shall be for the account of Buyer:

i. Franchise fees, and periodic rental or license fees under the Licenses and Contracts;

ii. Property taxes assessed on the Assets;

iii. Sales tax imposed on the provision of cable television service (but specifically excluding sales and transfer taxes imposed on the sale of Asset Sellers Assets and Stock pursuant to this Agreement);

iv. Accrued vacation pay of System employees;

v. Expenses for utilities, rents and service charges, and other goods or services furnished to the Business;

vi. copyright fees based on signal carriage by the Systems;

vii. FCC annual fees for the year in which Closing occurs (which are prepaid one year in advance); and

viii. Except as provided herein, all other expenses properly allocable to the Systems under GAAP.

Provided, however, that any Expenses payable under or with respect to any Excluded Asset shall not be prorated, nor shall there be a proration of programming launch fees received by the Operating Entities prior to Closing or receivable by the Operating Entities for programming launches made before Closing (all of which payments and receivables will be retained by Sellers). Buyer will not be obligated after Closing to continue the carriage of any programming carried by the Systems prior to Closing except for certain local programming carriage obligations and obligations to carry off-air programming under must-carry rules and retransmission consent agreements and provided that Buyer may be required to continue carriage of MTV and A&E in the Systems owned by CSI, FNCSI and Mark Twain.

d. Certain Prepaid Amounts. The Purchase Price shall be increased by that portion of any prepayments by the Operating Entities of rents, fees, and other expenses to the extent allocable to periods after the Closing Date, including without limitation fees and commissions paid to non-affiliated tower rental agents before Closing but benefitting periods after Closing in respect of tower rental agreements pursuant to which any of the Operating Entities rent to a third party space on towers owned by an Operating Entity; such fees and commissions shall be deemed expensed ratably over the period of the applicable tower space license.

SECTION 2.7 SUBSCRIBER ADJUSTMENT

If at the Closing Date the Systems have fewer EBU's than the Threshold EBU Number, then the Purchase Price shall be reduced by an amount (the "Subscriber Adjustment") equal to the lesser of (i) the excess of the Threshold Subscriber Number over the number of Applicable EBU's at Closing times the EBU Adjustment Factor, or (ii) $114,275,000 ($110,430,000 if the ARH Stock is not owned by FCILP at Closing). The Subscriber Adjustment, if any, shall be borne by the respective Sellers as the Sellers may agree. In no event, however, shall this alter the Buyer's obligations pursuant to Section 2.4(d), or the condition set forth at Section 7.1(1).

SECTION 2.8 CLOSING ADJUSTMENTS.

a. The Initial Adjustment Certificate. No later than ten (10) days prior to the Closing Date, Sellers shall deliver to Buyer Sellers' estimate as of the Closing Date ("Initial Adjustment Certificate") certified by Sellers and prepared in good faith and consistent with GAAP (except that obligations relating to program launch fees shall not be included as a liability) setting forth the number and calculation of EBU's and all adjustments including the Current Items Amount and Subscriber Adjustment, and the Capital Expenditure amount under Section 2.4(e), if any, proposed to be made at the Closing as of the Closing Date. Prior to Closing, Sellers shall provide Buyer or Buyer's representative with copies of all books and records as Buyer may reasonably request for purposes of verifying the Initial Adjustment Certificate and Sellers shall make a representative of Sellers available at Sellers' offices to meet with Buyer's accountants and other representatives. The Initial Adjustment Certificate shall be used to determine adjustments to the Purchase Price at Closing.

b. Trueup of Current Items Amount. As soon as practicable after the Closing Date, and in any event within ninety (90) days after the Closing Date, Buyer shall deliver to Sellers a final calculation calculated as of the Closing Date, of the Current Items Amount and the Subscriber Adjustment, if any, and the Capital Expenditure amount under Section 2.4(e), if any, together with such supporting documentation as Sellers may reasonably request, in a certificate prepared consistently with GAAP (the "Final Adjustment Certificate"), which shall evidence in reasonable detail the nature and extent of each calculation. The Final Adjustment Certificate shall be final and conclusive unless objected to by Sellers in writing within thirty (30) days after delivery. Sellers and Buyer shall attempt jointly to reach agreement as to the amount of the Current Items Amount and Subscriber Adjustment within forty-five (45) days after receipt by Buyer of such written objection by Sellers, which agreement, if achieved, shall be binding upon both parties to this Agreement and not subject to dispute or review. If Sellers and Buyer cannot reach agreement as to the amount of the closing adjustments within such forty-five (45) day period, Sellers and Buyer agree to submit promptly any disputed adjustment to Ernst & Young in Denver, Colorado, which shall resolve the disputed items, and whose decision shall be binding. All costs and expenses of Ernst & Young LLP for its services rendered in connection with this Section 2.8 shall be borne one-half by Sellers and one-half by Buyer. Any amounts due Buyer or Sellers for closing adjustments shall be paid by the party owing such amount by wire or accounts transfer of immediately available funds to an account designated by the party to be paid (or, to the extent disputed amounts are held by the Escrow Agent, shall be paid by the Escrow Agent pursuant to joint written instructions of Buyer and Sellers in accordance with such final resolution) not later than five (5) Business Days after such amounts shall have become final and conclusive. Any amount which becomes payable pursuant to this Section 2.8 will constitute an adjustment to the Purchase Price for all purposes.

ARTICLE III. RELATED MATTERS

SECTION 3.1 HSR ACT COMPLIANCE.

As soon as practicable after the execution of this Agreement, and in any event within thirty (30) days after the date of this Agreement (or, if later, five (5) days after the approval set forth at Section 7.2(g) has been obtained), Buyer and Sellers shall each file all required notifications under the HSR Act; each such filing shall request early termination of the waiting period imposed by the HSR Act. Buyer on the one hand and Sellers on the other hand shall each pay one half of all filing fees required thereby. Thereafter Buyer and Sellers shall use commercially reasonable efforts to promptly comply with all requests for additional information and shall diligently pursue termination of the waiting period under the HSR Act and procurement of all required consents thereunder.

SECTION 3.2 BULK SALES.

Buyer and Sellers each waive compliance by the other with all bulk sales Legal Requirements applicable to the transactions contemplated hereby; provided that in the event that any Franchise shall require otherwise, Buyer and Sellers will comply with the bulk sales Legal Requirements applicable to such Franchise.

SECTION 3.3 USE OF NAMES AND LOGOS.

For a period of one hundred eighty (180) days after Closing, Buyer shall be entitled to use the trademarks, trade names, service marks, service names, logos, and similar proprietary rights of the Operating Entities to the extent incorporated in or on the Assets. Thereafter Buyer shall cease any use of such trademarks, trade names, service marks, service names, logos, and similar proprietary rights of the Operating Entities, provided that Buyer shall not be required to remove the foregoing from and Equipment maintained in the possession of any subscriber at any time, and provided further that Buyer shall have all of CSI's rights, if any, in the names "Cable Systems, Inc." and "CSI", all of Hornell's rights, if any, in the name "Hornell", all of Tioga's rights in the name "Tioga", and (if the closing of the purchase of the ARH Stock has been completed) all of ARH's rights, if any, in the name "ARH".

SECTION 3.4 TRANSFER TAXES.

Any sales, use, transfer, and similar taxes (other than income taxes of Sellers attributable to periods prior to Closing or income taxes imposed on any income and gain of Sellers arising from the sale of stock and assets pursuant to this Agreement) arising from or payable by reason of the transactions contemplated by this Agreement shall be paid one-half by Buyer and one-half by Sellers. Buyer and Sellers will cooperate in all reasonable respects to prepare and file all necessary Tax Returns and other documentation with respect to all such transfer, documentary, sales, use stamp, registration and other Taxes and fees.

SECTION 3.5 SELLERS' OBLIGATIONS SEVERAL AND NOT JOINT

The obligations under the Indemnity Escrow Agreement, the obligations of each of the Sellers under this Agreement, and the representations, warranties and covenants of the Sellers hereunder, are several and not joint, and no Seller is or shall be liable for a breach by another Seller of any obligation, covenant, representation or warranty herein. The representations and warranties of each Asset Seller herein apply only to that Asset Seller and its Systems and Assets, and not to any other Seller or Operating Entity or to any Systems or Assets of any other Seller or Operating Entity. The representations and warranties herein relating to CSI or the assets of CSI are made only by FKGP and not by any other Seller. The representations and warranties herein relating to FCILP or the FCILP Interests or Hornell or ARH are made only by the FCILP Sellers and not by any other Seller. The representations and warranties herein relating to Tioga or its assets are made only by Cooney not by any other Seller.

SECTION 3.6 CSI'S INTEREST IN FNCSI

Prior to or at Closing, at Sellers' option, Sellers, with the approval of Buyer which may not be unreasonably withheld, may amend the agreement of limited partnership of FNCSI to reduce CSI's interest in distributions from FNCSI to one hundredth of one percent.

ARTICLE IV. BUYER'S REPRESENTATIONS AND WARRANTIES

Buyer represents and warrants to Sellers as follows:

SECTION 4.1 ORGANIZATION OF BUYER.

Buyer is a corporation duly organized, validly existing, and in good standing under the laws of the State of Delaware, and has all requisite power and authority to own and lease the properties and assets it currently owns and leases and to conduct its activities as such activities are currently conducted. Buyer is qualified to do business and in good standing, in all jurisdictions in which the nature of the business conducted by it makes such qualification necessary.

SECTION 4.2 AUTHORITY.

Buyer has all requisite corporate power and authority to execute, deliver, and perform this Agreement and the other Transaction Documents to which it is a party and consummate the transactions contemplated by this Agreement and the other Transaction Documents to which it is a party. The execution, delivery, and performance of this Agreement and each other Transaction Document to which it is a party and the consummation of the transactions contemplated by this Agreement and each Transaction Documents to which Buyer is a party have been duly and validly authorized by all necessary corporate, action on the part of Buyer. This Agreement has been, and the other Transaction Documents to which Buyer is a party will be at the Closing, duly and validly executed and delivered by Buyer, and this Agreement and each of the other Transaction Documents to which Buyer is a party constitutes and will constitute on or prior to Closing the valid and binding obligation of Buyer, enforceable against Buyer in accordance with their respective terms, except as may be limited by applicable bankruptcy, insolvency or similar laws affecting creditors' rights generally or the availability of equitable remedies.

SECTION 4.3 NO CONFLICT; REQUIRED CONSENTS.

Except for approval under the HSR Act, and except as set forth on Schedule 4.3, and the filing by Buyer with the Securities and Exchange Commission of any reports required to be filed in connection with the consummation of the transactions contemplated hereby the execution, delivery, and performance by Buyer of this Agreement and the other Transaction Documents to which it is a party, and the consummation of the transactions contemplated herein, do not (i) conflict with or violate any provision of the articles of incorporation or bylaws of Buyer, (ii) violate any provision of any Legal Requirement, (iii) assuming receipt of the consents set forth on

Schedule 4.3, conflict with, violate, result in a material breach of, or constitute a material default under any agreement to which Buyer is a party or by which Buyer or the assets or properties owned or leased by it are bound or affected, or (iv) assuming receipt of the consents set forth on Schedule 4.3, require any consent, approval, or authorization of, or filing of any certificate, notice, application, report, other document with, any Governmental Authority or other Person. Notwithstanding the foregoing, Buyer makes no representation or warranty regarding any of the foregoing that may result from the specific legal or regulatory status of any Seller or as a result of any other facts that specifically related to the business or activities in which Seller is or proposes to be engaged other than the cable television business.

SECTION 4.4 LITIGATION.

Except for any Litigation as may affect the cable television industry (national or regional) generally there is no Litigation pending or, to Buyer's knowledge, threatened by, against, affecting, or relating to Buyer or any of its Affiliates in any court or before any Governmental Authority or any arbitrator that, if adversely determined, would restrain or materially hinder or delay the consummation of the transactions contemplated by this Agreement and the Transaction Documents, or cause any of such transactions to be rescinded, or impair Buyer's ability to complete the transactions contemplated hereby or thereby.

SECTION 4.5 FINDERS AND BROKERS.

Buyer has not incurred any liability for any financial advisory, brokerage, finder's or similar fee or commission, for which Sellers will in any way have any liability in connection with the transactions contemplated by this Agreement.

SECTION 4.6 FINANCIAL STATEMENTS

Buyer has delivered to Sellers true copies of Buyer's financial statements as of March 31, 1999.

SECTION 4.7 FULL ACCESS.

Buyer's representatives have received access to Sellers' books and records, the Assets, and the facilities of the Systems to the extent reasonably requested by Buyer, and Sellers have cooperated with Buyer to the end that Buyer has been able to conduct its own inspection and investigation of the Systems and the Assets to Buyer's reasonable satisfaction and has independently investigated, analyzed and appraised the condition, value, prospects and profitability thereof and performed such other presigning due diligence in connection with the transactions contemplated by this Agreement in accordance with the normal practice of Buyer.

ARTICLE V. SELLERS' REPRESENTATIONS AND WARRANTIES

Subject to Section 3.5 hereof, Sellers represent and warrant to Buyer, as of the date of this Agreement, as follows; provided that (i) Sellers make no warranties concerning the ARH Systems, and the term "Systems" as used in this Article V shall be deemed to exclude the ARH Systems, provided further that certain Schedules attached hereto include information regarding ARH that Sellers have provided based solely on information provided by ARH:

SECTION 5.1 ORGANIZATION AND QUALIFICATION OF SELLERS.

a. Each Seller that is not a natural person and each Operating Entity is an entity duly organized and validly existing under the laws of the state of its formation.

b. Each Operating Entity has all requisite partnership, corporate or limited liability company power and authority to own, lease and use the Assets owned by it and to conduct its Business as it is currently conducted.

c. Except as would not have a Material Adverse Effect, each of the Operating Entities is duly qualified to do business and validly existing and in good standing as a foreign limited partnership or corporation in each state where Systems owned by it are located.

SECTION 5.2 POWER; CAPACITY; AUTHORITY; NO CONFLICT.

a. Each of the Sellers has all requisite corporate (where the Seller is a corporation), limited liability company (where the Seller is a limited liability company), or partnership (where the Seller is a partnership) power and authority to execute, deliver, and perform this Agreement and each other Transaction Document to which it is a party and consummate the transactions contemplated hereby and thereby. Each Seller who is a natural person has the legal capacity to execute, deliver and perform this Agreement and each other Transaction Document to which it is a party. The execution, delivery, and performance of this Agreement and each other Transaction Document to which a Seller is a party and the consummation of the transactions contemplated by this Agreement and each other Transaction Document to which a Seller is a party have been duly and validly authorized by all necessary partnership or corporate action on the part of Sellers. This

Agreement and each other Transaction Document to which a Seller is a party has been or will be at the Closing, duly and validly executed and delivered by Sellers, and this Agreement and each other Transaction Document to which a Seller is a party constitute and will constitute at the Closing, the legal, valid, and binding obligation of Sellers, enforceable against Sellers in accordance with its terms, except as may be limited by applicable bankruptcy, insolvency or similar laws affecting creditors rights generally or the availability of equitable remedies.

b. The execution, delivery, and performance by Sellers of this Agreement and each other Transaction Document to which they are a party do not (i) conflict with or violate any provision of the limited partnership agreement, operating agreement, or articles of incorporation, bylaws, or declaration of trust as the case may be, of Sellers or any Operating Entity, (ii) conflict with, violate, result in a breach of, or constitute a default under (except for the requirement that certain consents of parties to the Franchises, real estate leases and Contracts be obtained to either (A) assign the same to Buyer or (B) permit a change in control of the Controlled Entities), permit or result in the termination, suspension or modification of any Contract, agreement, or understanding to which any of the Operating Entities is a party or by which any of the Operating Entities or any of the Assets is bound or affected or (iii) result in the creation or imposition of any Lien or other encumbrance against or upon any of the Assets; in each case other than a conflict, violation, breach or default that would not impair the ability of Sellers to perform hereunder and that would not have a Material Adverse Effect.

SECTION 5.3 CONSENTS

Except for expiration or termination of any applicable waiting period under the HSR Act, and except for the consents set forth on Schedule 5.3, no material consents of Governmental Authorities or, to Seller's knowledge, other third parties are required for the lawful consummation of the transactions contemplated by this Agreement, the TWF1 Distribution Agreement and the TWF2 Distribution Agreement, and the other Transaction Documents. The consents listed on SCHEDULE 5.3 are referred to herein sometimes as "Required Consents", and the consents designated with an asterisk on SCHEDULE 5.3 are referred to herein as the "Mandatory Consents". Except as would not have a Material Adverse Effect, assuming receipt of all consents listed on Schedule 5.3, the consummation of the transactions contemplated in this Agreement and the other Transaction Documents will not: (a) conflict with, constitute grounds for termination of, result in a breach of, constitute a default under, or accelerate or permit the acceleration of any performance required by the terms of any Franchise, Material License (including FCC License), or Material Contract; and (b) will not result in the creation of any Encumbrance upon the Asset Sellers Assets or the Stock. Notwithstanding the foregoing, Sellers make no representation or warranty regarding any of the foregoing that may result from the specific legal or regulatory status of Buyer or as a result of any other facts that specifically relate to the business or activities in which Buyer is or proposed to be engaged other than the cable television business.

SECTION 5.4 TITLE TO ASSETS.

a. Except for Permitted Liens, and Liens securing indebtedness of Asset Sellers described on Schedule 5.4 that will be terminated at Closing, the Entity Sellers will have and convey to Buyer at Closing title to the Ownership Interests free and clear of any Encumbrances or Liens (other than Encumbrances or Liens under the Controlled Entity Credit Agreements) and other than restrictions on transfer imposed by Federal and state securities laws. The Ownership Interests constitute all outstanding equity securities of FCILP, CSI and Tioga; FCILP owns all of the equity securities of Hornell and (assuming the transaction under the ARH Purchase Agreement has been consummated prior to Closing) will own at Closing all equity securities of ARH.

b. Except for Permitted Liens, Asset Sellers will have and convey to Buyer at Closing good and marketable title to (or, in the case of Asset Sellers Assets that are leased, valid leasehold interests in) and possession of all of the Asset Sellers Assets, free and clear of all Encumbrances or Liens other than Liens that will be terminated, released, removed or satisfied by the Closing Date described on Schedule 5.4.

c. Except for Permitted Liens, the Controlled Entities have or will have at Closing good and marketable title to or leasehold rights in and possession of all of the Controlled Entity Assets, free and clear of all Liens other than Liens that will be terminated, released, removed or satisfied by the Closing Date described on Schedule 5.4.

d. The Stock at Closing will be duly issued, fully paid and non-assessable and represents all of the issued and outstanding shares of Capital Stock (or in the case of FCILP, partnership interests) of the Controlled Entities.

e. None of the Controlled Entities has or will have at Closing any Subsidiaries except that FCILP owns and will own at Closing the Hornell Stock and at Closing will own the ARH Stock if the Closing under the ARH Purchase Agreement has closed.

f. There are no outstanding options, warrants or similar rights to acquire ownership interests in any of the Controlled Entities except in the case of the ARH Stock, TWF1 under the ARH Purchase Agreement.

SECTION 5.5 CONTROLLED ENTITY ASSETS

a. At Closing, subject to Permitted Liens, the Controlled Entities (other than ARH, as to which no warranty is made) shall possess good and valid title to all assets used or held for use in the operation of the Controlled Entity Systems. At or before Closing, Schedules 2.1(b)(i), 2.1(b)(ii), 2.1(b)(iii), 2.1(b)(iv) and 2.1(b)(v) will be updated to reflect whether the respective Assets will be owned at Closing by a Controlled Entity or an Asset Seller.

b. The Controlled Entity Assets consist of the assets necessary to operate the Controlled Entity Business, except that the Controlled Entity Assets do not include programming contracts, employee benefit plans or the Excluded Assets.

c. The TWF1 Systems are all of the cable television systems to be distributed and/or sold by TWF1 under the TWF1 Distribution Agreement; the TWF2 Systems are all of the cable television systems to be distributed and/or sold under the TWF2 Distribution Agreement; the Asset Seller Assets also include all cable television systems owned by NTC, Post, Spring Green, FNCSI and Twain as of the date hereof.

SECTION 5.6 FRANCHISES, LICENSES AND CONTRACTS.

As of the date hereof, Sellers shall have delivered or made available to Buyer true and complete copies of each of the Franchises, material Licenses (including FCC Licenses), and material Contracts and all amendments, assignments and consents thereto. There has not occurred an uncured default by the Operating Entities nor, to Sellers' knowledge, by any other Person under any of the Franchises, Licenses, or Contracts that would be likely to have a Material Adverse Effect. All FCC licenses used in operation of the Systems except earth station licenses are listed on Schedule 2.1(b)(iv) (collectively the "Licenses"). Schedule 2.1(b)(v) lists all material Contracts used in the operation of the Systems (the "Contracts") other than underground conduit agreements, crossing agreements, bulk and commercial service agreements or other agreements and contracts that are not material to the Business.

SECTION 5.7 REAL PROPERTY.

Except as would not have a Material Adverse Effect, the Operating Entities hold or shall hold at Closing valid and marketable title to all material Owned Real Property of the Controlled Entities and the leasehold interests to all material Leased Real Property of the Controlled Entities, in each case free and clear of any Liens, except for Permitted Liens.

SECTION 5.8 EQUIPMENT.

Except for ordinary wear and tear and except as would not have a Material Adverse Effect, all of the Equipment is in good condition and represents all of the Equipment utilized in the operation of the Systems other than Excluded Assets.

SECTION 5.9 EMPLOYEE BENEFITS; EMPLOYEES.

a. Except as would not have a Material Adverse Effect, (i) neither any Operating Entity nor any Employee Benefit Plan (as defined in the Employee Retirement Income Security Act of 1974, and the rules and regulations thereunder as amended ("ERISA")), maintained by an Operating Entity is in violation of the provisions of ERISA; (ii) no reportable event within the meaning of Sections 4043 of ERISA has occurred and is continuing with respect to any such Employee Benefit Plan; and (iii) no prohibited transaction within the meaning of Title I of ERISA has occurred with respect to any such Employee Benefit Plan. All Employee Benefit Plans are described on Schedule 5.9.

b. Except as set forth in Schedule 5.9, (i) there are no collective bargaining agreements applicable to any Person employed by the Operating Entities that renders services in connection with the Systems or the Business, and (ii) the Operating Entities have no duty to bargain with any labor organization with respect to any such Person. Each of the Operating Entities has fulfilled in all material respects their obligations under the collective bargaining agreements set forth in Schedule 5.9. Except as set forth on Schedule 5.9 or as would not have a Material Adverse Effect, there are not pending any unfair labor practice charges against the Operating Entities, nor is there any demand for recognition or any other request or demand from a labor organization for representative status with respect to any Person employed by the Operating Entities that renders services in connection with the Systems. Seller will keep Buyer reasonably apprised of material developments in any negotiations of collective bargaining agreements after the execution of this Agreement.

c. Except as would not have a Material Adverse Effect, the Operating Entities are in compliance with all applicable Legal Requirements respecting employment conditions and practices, have withheld and paid all amounts required by any applicable Legal Requirements to be withheld from the wages or salaries of its employees, and are not liable for any arrears of wages or any Taxes (other than wages and Taxes that have not become due or payable) or penalties for failure to comply with any of the foregoing.

d. Except for the Consulting Agreement dated January 12, 1988, as amended, between CSI and Eugene Smith, none of the Operating Entities is a party to any written employment agreement relating to employees or consultants of the Business which will constitute an Assumed Obligation or that would bind Buyer after Closing.

e. Sellers have separately delivered to Buyer on a confidential basis a list of the names, titles, job descriptions, and rates of compensation of all of the employees whose duties relate exclusively to the Systems, including the length of time such employee has been so employed, and whether such employee is full time or part time.

f. None of the Operating Entities has an obligation to provide continuing health benefits to retirees.

g. Except as indicated on Schedule 5.9, during the six-year period ending on the Closing Date, none of the Operating Entities has contributed to or been obligated to contribute to a multiemployer plan (as such term is defined in ERISA Section 3(37)). Other than benefits provided through an employee pension benefit plan (as such term is defined in ERISA Section 3(2)) or pursuant to the continuation coverage requirements of ERISA section 601, none of the Operating Entities has made any binding or nonbinding commitment to provide any benefits to any employee of such Operating Entity following such employee's termination of employment with such Operating Entity that would be payable by Buyer. No Operating Entity has any knowledge of any fact that could result in the loss of qualified status of any Employee Benefit Plan sponsored, adopted, or contributed to by any Operating Entity that is intended to be qualified under Code section 401(a).

SECTION 5.10 LITIGATION.

Except as set forth on Schedule 5.10 and any Litigation or Judgment affecting the cable television industry generally, and also except for rate complaints or certifications filed by customers or Franchising authorities, as of the date of this Agreement there is no Litigation or Judgment outstanding to which Sellers are bound or pending or, to Sellers' knowledge, threatened, involving or affecting the Operating Entities, any of its Affiliates, directors, officers, employees or agents, the Systems, or the Assets which, if adversely determined, would be likely to have a Material Adverse Effect. There is no action, suit, proceeding or investigation to restrain, prohibit or otherwise challenge the legality or propriety of the transactions contemplated by this Agreement or materially hinder or delay the consummation of the transactions contemplated by this Agreement or the other Transaction Documents pending, or to Sellers' knowledge, threatened against Sellers as of the date hereof.

SECTION 5.11 TAXES.

a. The Operating Entities have as of the date hereof, and will have as of the Closing Date, timely filed all Tax Returns and all other reports that are required to be filed as of the date hereof, or which are required to be filed on or before the Closing Date, as the case may be. All such Tax Returns were and will be prepared in good faith.

b. Except as set forth on Schedule 5.11, all Taxes due and payable by the Operating Entities on or before the date hereof or the Closing Date, as the case may be, have been or will be timely paid, or properly accrued, except to the extent any such Taxes are being contested in good faith by appropriate proceedings by the Operating Entities.

c. Notwithstanding anything herein to the contrary, except for the warranty at subsection (a) of this Section 5.11, Sellers make no representations or warranties regarding the income taxes paid and income tax returns filed by Hornell, Tioga or ARH prior to the Closing Date. Sellers shall have no liability or obligation in respect of any restatement of any such tax returns of Hornell, Tioga or ARH or any audit of any such tax returns of Hornell, Tioga or ARH or any other matters concerning such tax returns.

d. CSI has delivered to Buyer true, correct and complete copies of all Tax Returns in the form filed) required to be filed by CSI on or prior to the Closing Date. The Financial Statements reflect an adequate reserve in accordance with GAAP (without regard to any amounts reserved for deferred taxes) for all material unpaid Taxes payable by CSI for all Tax periods and portions thereof through the date of such Financial Statements.

e. Except as disclosed in Section 5.11, CSI has not executed any waiver or extensions of any statute of limitations on the assessment or collection of any Tax or with respect to any liability arising therefrom. Except as disclosed in Schedule 5.11, none of the federal, state or local income Tax Returns filed by CSI during the prior three years has been audited by any taxing authority. Except as disclosed in Schedule 5.11, (i) neither the IRS nor any other Governmental Authority has asserted, or to the best knowledge of CSI, threatened to assert any deficiency or claim for additional Taxes against, or any adjustment of Taxes relating to CSI and, to the best knowledge of CSI, no basis exists for any such deficiency , claim or adjustment, and (ii) to the best knowledge of CSI, there are no proposed reassessments of any property owned by CSI that would affect the Taxes of CSI. There are no material Tax liens on any assets of CSI, other than liens for current Taxes not yet due and payable and liens for Taxes that are being contested in good faith by appropriate proceedings and are disclosed on Schedule 5.11.

f. CSI was not included or includible in any consolidated, combined or unitary Tax Return with any entity.

g. CSI has not entered into any compensatory agreements with respect to the performance of services which payment thereunder would result in a non-deductible expense to it pursuant to Section 280G of the Code or an excise Tax to the recipient of such payment pursuant to Section 4999 of the Code. No acceleration of the vesting schedule for any property that is substantially unvested within the meaning of the regulations under Section 83 of the Code will occur in connection with the transactions contemplated by this Agreement.

h. No consent under Section 341(f) of the Code has been filed with respect to CSI.

i. Except for its general partnership interest in FNCSI, CSI has not been at any time during the past ten (10) years a member of any partnership, joint venture or other arrangement or contract which is treated as a partnership for federal, state, local or foreign tax purposes or the holder of a beneficial interest in any trust for any period for which the statute of limitations for any Tax has not expired.

j. CSI has withheld or collected and paid over to the appropriate Taxing Authorities or are properly holding for such payment all material Taxes required by law to be withheld or collected.

k. Except as disclosed in Schedule 5.11, there are no tax sharing agreements or similar arrangements with respect to or involving CSI.

l. Except as disclosed in Schedule 5.11, CSI has no (i) income reportable for a period ending after the Closing Date but attributable to a transaction (e.g., an installment sale) occurring in or a change in accounting method made for a period ending on or prior to the Closing Date which resulted in a deferred reporting of income from such transaction or from such change in accounting method (other than a deferred intercompany transaction), or (ii) deferred gain or loss arising out of any deferred intercompany transaction.

SECTION 5.12 LEGAL COMPLIANCE.

a. The operation of the Systems and the Business is in compliance with all applicable Legal Requirements, including without limitation, the Cable Act and the FCC Regulations, except to the extent that the failure to so comply with any of the foregoing would not have a Material Adverse Effect.

b. Except as would not have a Material Adverse Effect, the Operating Entities have made timely filings under Section 111 of the Copyright Act. Sellers believe that such filings are based on a reasonable interpretation of the Copyright Act and regulations thereunder; except as set forth in this paragraph (b), Sellers make no warranty concerning compliance with the Copyright Act.

SECTION 5.13 SYSTEMS INFORMATION.

Schedule 5.13 sets forth with reasonable accuracy and completeness a summary of services offered and rates charged by the Systems as of April 1, 1999 and certain rate regulation information.

SECTION 5.14 ENVIRONMENTAL.

a. None of the Real Property is listed on the National Priorities Lists or the Comprehensive Environmental Response, Compensation, Liability Information System ("CERCLIS") , or is the subject of any "Superfund" evaluation or investigation, or any other investigation or proceeding of any Governmental Authority evaluating whether any remedial action is necessary to respond to any release of Hazardous Substances on or in connection with the Real Property.

b. To the knowledge of Sellers, except as would not have a Material Adverse Effect, the Operating Entities are in compliance in all material respects with all Legal Requirements with respect to pollution or protection of the environment, including Legal Requirements relating to actual or threatened emissions, discharges, or releases of Hazardous Substances into the ambient air, surface water, ground water, land, or otherwise relating to the manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling of Hazardous Substances.

c. To Seller's knowledge, no claim or investigation based on Environmental Law which relates to any Real Property or any operations or conditions on it (a) has been asserted or conducted during Seller's ownership or is currently pending against or with respect to Sellers or, to Sellers' knowledge, any other Person, or (b) to Sellers' knowledge, is threatened.

d. Within ten (10) days after the date hereof Sellers will advise Buyer whether, to Sellers' knowledge, any underground or above-ground storage tanks are located on real property used by the Systems.

SECTION 5.15 FINANCIAL INFORMATION.

a. Sellers have delivered to Buyer correct and complete copies of the audited balance sheets and related audited statements of income of the Operating Entities for the year ended December 31, 1998, other than Twain, whose financial statements are unaudited, and unaudited balance sheets and statements of income for the three (3) months ended March 31, 1999 (the "Financial Statements"). The Financial Statements have been prepared in the ordinary course of business, are based on the books and records of the Sellers, were prepared in all material respects in accordance with GAAP consistently applied and present fairly in all material respects the financial condition and results of operations of the Operating Entities as of the dates and for the periods indicated; except that (i) the March 31, 1999 statements do not include footnotes and are subject to normal recurring year-end adjustments, and (ii) the Financial Statements may not reflect amortization of programming launch fees in accordance with GAAP, and the Financial Statements at and for the year ended December 31, 1998 do not reflect the acquisitions and divestitures described on SCHEDULE 5.15(A). The Financial Statements do not include ARH.

b. Except for conditions affecting the cable television industry as a whole, since December 31, 1998 there has been no material adverse change in the financial condition or operations of the Operating Entities except for the acquisitions and divestitures described on SCHEDULE 5.15(A).

c. Attached as SCHEDULE 5.15(C) is a summary of the 1999 operating and capital budget of the Operating Entities (excluding ARH).

SECTION 5.16 CAPACITY LICENSES; AFFILIATE TRANSACTIONS.

Schedule 5.16(a) lists (i) the Capacity Licenses, all of which will survive Closing and shall be assumed by Buyer, and (ii) the material agreements between the Operating Entities on the one hand and an Affiliate of a Seller on the other hand, and indicates which of such agreements will be terminated at or before Closing and which will survive Closing. In addition, prior to Closing, if the transaction under the ARH Purchase Agreement is consummated, ARH will enter into a Capacity License with FiberNet, LLC in form substantially identical to the existing Amended and Restated Capacity License Agreement between TWF1 and FiberNet, LLC.

SECTION 5.17 BONDS.

Schedule 5.17 sets forth the material franchise, construction, fidelity, performance, and other bonds, and amounts outstanding under each, posted by the

Operating Entities in connection with the Business. Buyer understands and agrees that at Closing Buyer will be required to replace these bonds with its own bonds, so that the existing bonds will be released promptly after Closing.

SECTION 5.18 FINDERS; BROKERS AND ADVISORS

Except for fees payable to Affiliates of certain Sellers, and except for the engagement of Waller Capital Corporation, with respect to each of which Sellers shall have sole responsibility for the payment of all amounts owed, Sellers and the Operating Entities have not employed any financial advisory, broker or finder or incurred any liability for any financial advisory, brokerage, finder's or similar fee or commission in connection with the transactions contemplated by its Agreement.

SECTION 5.19 INTENTIONALLY BLANK

SECTION 5.20 BILLING SYSTEMS

SCHEDULE 5.20 describes in all material respects the billing contractors and systems used by the Systems.

SECTION 5.21 OVERBUILDS.

As of the date of this Agreement, except as set forth on SCHEDULE 5.21 there are no material competing activated wired cable television services offered by other cable television operators in the areas actually served by the Systems. To Sellers' knowledge as of the date hereof, except as set forth on SCHEDULE 5.21 no competing franchises have been issued to other persons to operate cable television systems in the areas served by the Systems (other than county areas where the Systems serve less than the entire county), and to Sellers' knowledge no formal applications to obtain such competing franchises are pending.

SECTION 5.22 SOCIAL CONTRACT

The Systems listed on SCHEDULE 5.22 are the only Systems covered by the Social Contract (the "Social Contract Systems"). SCHEDULE 5.22 sets forth the status as of the date hereof of the Social Contract Systems' compliance with the upgrade requirements of the Social Contract. Sellers will provide Buyer with an update of Schedule 5.22 at the Closing.

SECTION 5.23 YEAR 2000

The Operating Entities have adopted and are implementing a program ("Year 2000 Program") to perform due diligence on all material items of technology, computer hardware, software, databases, systems and other equipment owned or used by the Operating Entities in connection with the operation of the Systems ("Material Technology") to determine whether such Material Technology can be used prior to, during and after calendar year 2000 A.D., and will be reasonably expected to operate during each such time period, either on a stand-alone basis, or by interacting or interoperating with third-party Material Technology, without material error relating to processing, calculating, comparing, sequencing or other use of date data (the foregoing ability, "Year 2000 Compliant"). The Year 2000 Program identifies remediation, repair or replacement actions to be taken with respect to any Material Technology which has been or may be identified as not Year 2000 Compliant. The Operating Entities have used Commercially Reasonable Efforts to conduct, or to cause to be conducted, the Material Technology due diligence, remediation, repair or replacement activities at the times and in the manner set forth in the Year 2000 Program, except where the failure to conduct such activities would not have a Material Adverse Effect. Within ten days after the date hereof Sellers will deliver to Buyer a description of the Systems' Year 2000 Program.

SECTION 5.24 CURE

For all purposes under this Agreement, the existence or occurrence of any event or circumstance which constitute a breach of a representation or warranty of Sellers on the date such representation or warranty is made shall be deemed not to constitute a breach of such representation or warranty if the event or circumstance is cured on or prior to the Closing Date or the earlier termination of this Agreement.

ARTICLE VI. COVENANTS

SECTION 6.1 CERTAIN AFFIRMATIVE COVENANTS OF SELLERS REGARDING THE SYSTEMS.

Except as Buyer may otherwise consent in writing, between the date of this Agreement and Closing (or, if earlier, termination of this Agreement), Sellers shall, and shall cause the Operating Entities to:

a. Subject to the other provisions of Sections 6.1 and 6.2 hereof, operate the Business substantially in accordance with the Operating Entities' operating and capital budgets as previously provided and attached in summary form as Schedule 5.15(c) (provided that this covenant shall not be construed to be a covenant, warranty or representation that the projected revenues, subscriber numbers, operating margins or cash flow in such budgets will be achieved), in the ordinary course of business consistent with the Operating Entities' past practices; provided that (i) TWF1 or FCILP may complete the acquisition of the ARH Stock, and (ii) Cooney, Master and Tioga may enter into the TWF2 Distribution Agreement, and (iii) FCILP and Hornell may enter into the TWF1 Distribution Agreement. Notwithstanding the forgoing if Sellers do not proceed with cable modem launches and Buyer has consented to the same, such failure by Sellers will not constitute a breach of this covenant.

b. furnish, and use Commercially Reasonable Efforts to cause its counsel, accountants, representatives and advisors to cooperate, in furnishing to Buyer, such information as is reasonably available to Sellers and is required for Buyer to comply with its disclosure responsibilities under the federal securities laws. Buyer shall pay the reasonable expenses of Sellers incurred in connection therewith. This covenant will survive the Closing.

c. use Commercially Reasonable Efforts to operate the Business in substantial compliance with applicable Legal Requirements;

d. use Commercially Reasonable Efforts to preserve the current business organization of the Business intact, including preserving existing relationships with Persons having business with the Business and filing any required documents with any Governmental Authority and filing for renewals of any Franchises in the ordinary course and consistent with past practice;

e. provide Buyer and its counsel, lenders, accountants, and other representatives reasonable access to the Business, the employees of the Business, the Real Property, the other Assets, and Asset Sellers' and the Controlled Entities' books and records relating to the Business during normal business hours, provided that such access shall not unreasonably disrupt the normal business operations of the Business;

f. deliver to Buyer copies of any unaudited monthly and quarterly financial statements for the Systems regularly prepared by Asset Sellers and the Controlled Entities (subject to availability and confidentiality and nondisclosure constraints in the case of ARH) at any time from the date hereof until Closing (or, if earlier, termination of this Agreement) which will be prepared in all material respects in accordance with GAAP;

g. continue the pricing, marketing, advertising, promotion and other activities with respect to the Business substantially and materially in the normal and ordinary course of business consistent with the Operating Companies' past practices, provided that TWF2 may introduce a tier service in certain Systems in the State of Michigan;

h. consult with Buyer with respect to entering into new retransmission consent agreements with respect to off-air programming carried by the Systems, except for retransmission consent agreements that include no payment obligations and no obligation to carry other programming; and

i. continue to carry and maintain in full force and effect its existing bonds and casualty and liability insurance with respect to the Business through and including the Closing Date, with such changes thereto as may be made in the ordinary course of business.

SECTION 6.2 CERTAIN NEGATIVE COVENANTS OF SELLERS.

Except as Buyer may otherwise consent in writing or as otherwise contemplated by this Agreement, between the date hereof and Closing (or, if earlier, termination of this Agreement), Asset Sellers shall not do or cause to be done any of the following and shall cause the Operating Entities not to do any of the following:

a. modify, terminate, suspend or abrogate any Franchise, License or material Contract other than in the ordinary course of business; provided that the Amended and Restated Agreement of Limited Partnership of FCILP may be amended to delete Article XI (dealing with life insurance and related matters) therefrom.

b. sell, assign, lease or otherwise dispose of any of the Assets, unless such Assets are consumed or disposed of in the ordinary course of business or in conjunction with the acquisition of replacement property of equivalent kind and value, or are no longer used or useful in the business or operation of the Systems;

c. except in accordance with past practice, implement any new marketing plans except as set forth in Schedule 6.2 or as consented to by Buyer, such consent not to be unreasonably withheld; provided that Sellers may implement incentive bonus or commission plans for employees and contractors;

d. except in the ordinary course of business, adopt any employee benefit plan or incur debt for borrowed money (except (x) under existing credit arrangements or (y) in connection with the distributions under the TWF1 Distribution Agreement and the TWF2 Distribution Agreement);

e. except in the ordinary course of business, enter into any new material employment agreement, consulting or salary continuation agreement with any officers or employees or grant any increases in compensation or benefits except in accordance with past practice; provided that the Operating Entities may implement and pay stay bonuses for employees and may pay severance to employees not hired by Buyer; or

f. except for a Capacity License Agreement to be entered into with ARH, enter into any new capacity license agreement or similar agreement providing for use of fiber capacity at the Systems, or modify an existing capacity license agreement, with an Affiliate of Sellers except pursuant to existing Capacity License Agreements.

SECTION 6.3 EMPLOYEE MATTERS.

a. Buyer may offer employment to all of the System-based employees of Asset Sellers who perform services with respect to the operations of the Asset Sellers Systems as of the Closing Date, on terms and conditions (including compensation and benefits) at least as favorable to such employees as the terms and conditions of such employees' employment with the Sellers as of the date of this Agreement. Buyer shall recognize the same term of service used by the Operating Companies (or TWF1 and TWF2) for any employee of Asset Sellers hired by Buyer in determining such employee's vacation benefits under Buyer's vacation plan and other employee benefit plans. Buyer also shall permit any former employee of Asset Sellers hired by Buyer (a "Transferred Employee") to participate in Buyer's group health plan without imposing any waiting periods so long as such employee was covered by Asset Sellers' health plan immediately prior to the Closing. To the extent that accrued vacation time is included in the Current Items Amount, Buyer shall permit any Transferred Employee to take any such accrued vacation at whatever times the employee would have been entitled to take such vacation had the employee not left the employ of Asset Sellers, or shall pay such employee for any such accrued vacation time that such employee is not able to take under Buyer's vacation plan. Buyer shall also assume any liability relative to COBRA that the Operating Entities would have been required to satisfy for employees of the Controlled Entities arising on or after the Closing Date.

b. Nothing in this Agreement shall be construed to create any third party beneficiary rights in favor of any person not a party to this Agreement or to constitute an offer of employment, employment agreement or condition of employment for any of the employees of the Business.

c. Buyer shall notify Sellers at least seventy-five (75) days prior to Closing which employees Buyer will offer employment to; provided that Buyer shall not advise the System employees of its decision more than 30 days prior to Closing, and shall consult with Sellers prior to making any announcement to the employees.

d. Each Transferred Employee shall cease to actively participate in each of Asset Sellers' Employee Benefit Plans (and plans of Sellers' affiliates) for periods on and after the Closing Date. As of the Closing Date, Transferred Employees (and their eligible dependents and beneficiaries) shall be eligible to participate in Buyer's health, retirement, vacation and other Employee Benefit Plans. Buyer shall credit Transferred Employees for length of service used by Asset Sellers and their affiliates for purposes of eligibility and vesting under such plans. Notwithstanding the foregoing, as of and immediately after the Closing, Buyer shall provide (i) the Transferred Employees (and their eligible dependents and beneficiaries) health coverage under plans or programs of Buyer, and (ii) for the waiver under such plans or programs of any pre-existing condition exclusions and waiting periods (except to the extent that such exclusions would have then applied or waiting periods were not satisfied under Asset Seller's health plans).

e. Prior to Closing Buyer shall deliver to Sellers (i) a copy of the most recent IRS determination letter with respect to the qualification of Buyer's defined contribution plan (the "Buyer's Savings Plan"), (ii) a copy of Buyer's Savings Plan and any amendments thereto, including any amendments required under section 411(d)(6) of the Code with respect to the transfer described herein from the Sellers' 401(k) Savings Plan (the "Asset Seller's Savings Plan") to the Buyer's Savings Plan, and (iii) any other documentation reasonably requested by Asset Sellers with respect to the qualification of Buyer's Savings Plan. At Closing Buyer shall permit Asset Sellers to transfer to the trust under the Buyer's Savings Plan the liability for the account balances under the Asset Sellers' Savings Plans of those Transferred Employees who were participants in the Asset Sellers' Savings Plan, together with the cash and securities comprising such account balances, determined as of the regular valuation date of the Asset Seller's Savings Plan that is coincident with or immediately preceding the transfer date. Buyer shall procure as soon as possible all consents and determination letters necessary to complete the foregoing transfers to Buyer's Savings Plan.

f. Buyer shall not, at any time prior to 60 days after the Closing Date, effectuate or permit any Operating Company to effectuate a "plant closing" or "mass layoff" as those terms are defined in the Worker Adjustment and Retraining Notification Act of 1988 ("WARN") affecting in whole or in part and site of employment, facility, operating unit or employee of an Operating Company, without complying with the notice requirements and other provisions of WARN.

SECTION 6.4 CONFIDENTIALITY.

Any nonpublic information that either party ("Recipient Party") may obtain from the other ("Disclosing Party") in connection with this Agreement with respect to the Disclosing Party or the Systems shall be confidential and, unless and until Closing shall occur, Recipient Party shall not disclose any such information to any third party (other than its directors, officers, partners, employees, counsel and representatives of its advisers and lenders whose knowledge thereof is necessary in order to facilitate the consummation of the transactions contemplated hereby) or use such information to the detriment of Disclosing Party; provided that (i) Recipient may use and disclose any such information once it has been publicly disclosed (other than by Recipient Party in breach of its obligations under this Section) or that rightfully has come into the possession of Recipient Party (other than from Disclosing Party), and (ii) to the extent that Recipient Party may become compelled by Legal Requirements to disclose any of such information, Recipient Party may disclose such information if it shall have made all reasonable efforts, and shall have afforded Disclosing Party the opportunity, to obtain an appropriate protective order, or other satisfactory assurance of confidential treatment, for the information compelled to be disclosed. If this Agreement is terminated, Recipient Party shall use all reasonable efforts to cause to be delivered to Disclosing Party, and retain no copies of, any documents, work papers and other materials obtained by or on the behalf of Recipient Party from Disclosing Party, whether so obtained before or after the execution hereof. The rights and obligations of Buyer and Sellers under this Section 6.5 shall survive Closing or the termination of this Agreement indefinitely. Notwithstanding the foregoing, the following will not constitute a part of the information for the purposes of this Section:

a. information that a party can show was known by the Recipient Party prior to the disclosure thereof by the Disclosing Party;

b. information that is or becomes generally available to the public other than as a result of a disclosure directly or indirectly by the Recipient Party in breach of this Section 6.4;

c. information that is independently developed by the Recipient Party;

d. information that is or becomes available to the Recipient Party on a non-confidential basis from a source other than the Disclosing Party, provided that such source is not known by the Recipient Party to be bound by any obligation or confidentiality in relation thereto;

e. information regarding the Operating Entities that is contained in filings by Buyer with the Securities and Exchange Commission regarding the transaction contemplated by this Agreement.

SECTION 6.5 NOTIFICATION OF CERTAIN MATTERS.

Buyer will promptly notify Seller in writing of any fact, event, circumstance, action or omission of which Buyer obtains knowledge the existence or occurrence of which would cause any of Sellers' representations or warranties under this Agreement not to be true in any material respect. For purposes of this Section 6.5, Buyer's knowledge means actual knowledge of any of David McCall, David Barford, Kent Kalkwarf, Jerald Kent or Curtis Shaw.

SECTION 6.6 COMMERCIALLY REASONABLE EFFORTS.

Without limiting any of the obligations of the parties hereunder, each party shall use Commercially Reasonable Efforts to take all steps within its power, and will cooperate with the other party, its respective counsel, accountants, agents and other representatives in connection with any actions required to be taken as part of their respective obligations hereunder and to cause to be fulfilled those of the conditions to the other party's obligations to consummate the transactions contemplated by this Agreement that are dependent upon its actions, and to execute and deliver such instruments and take such other commercially reasonable best actions as may be necessary to carry out the intent of this Agreement and consummate the transactions contemplated hereby.

SECTION 6.7 CONSENTS.

a. Sellers and Buyer will use Commercially Reasonable Efforts to attempt to obtain as soon as practicable all Required Consents and any other consents of which Sellers or Buyer become aware are required for the transfer of the Asset Sellers Assets and Ownership Interests; and Buyer will cause its representatives to attend meetings of franchising authorities where action on a requested approval to transfer is to be considered.

b. Promptly after the execution of this Agreement, but no later than thirty (30) days after the date hereof (or, if the approvals required at Section 7.2(g) are not obtained by such date, within five (5) days after such approvals are obtained, Sellers and Buyer shall make application to the FCC for the consent and approval of the FCC to the transfer of the ownership or control of all FCC Licenses of the Systems from Sellers to Buyer.

c. On or prior to the expiration of thirty (30) business days after the date of this Agreement (or if the approvals required at Section 7.2(g) are not obtained by such date, within five (5) days after such approvals are obtained, Sellers and Buyer shall, each at its own expense, prepare and file Applications for Franchise Authority consent to Assignment or Transfer of Control of Cable Television Franchise FCC 394 ("Forms 394") with the local Governmental Authorities that have issued Franchises to Asset Sellers and the Controlled Entities or their affiliates (except in the case of ARH as otherwise provided in the ARH Purchase Agreement) and which require franchise authority consent to transfer (or, where applicable, for change of control), and shall use Commercially Reasonable Efforts to file all additional information required by such Franchises or applicable local Legal Requirements or that the Governmental Authorities deem necessary or appropriate in connection with their consideration of the request of Sellers and Buyer that such authority approve of the transfer of the Franchises to Buyer. Thereafter Buyer shall attend such meetings and provide such information as the franchising authorities may request in connection with their consideration of the request for approval to transfer the Franchises to the Buyer and/or approval of change of control of the Controlled Entities. If a franchising authority does not expressly reject a request for approval to transfer a Franchise within 120 days after the delivery of a Form 394 to the franchising authority (plus such extensions of time as are mutually agreed upon by Buyer and Sellers), then that franchising authority shall be deemed to have consented to the transfer or change of control of that Franchise for purposes of determining satisfaction of the conditions set forth at Section 7.1(g) and satisfaction of the parties' covenants under this Section 6.7.

d. If a Governmental Authority or other Person imposes any commercially reasonable non-monetary obligation in connection with granting its consent under a Franchise, License or Contract, Buyer will comply with such obligation after Closing (and Buyer agrees that Sellers may cause any Operating Entity to accept any such commercially reasonable non-monetary obligation).

e. Without limiting the foregoing, Buyer will deliver promptly to the Governmental Authorities for those Governmental Permits transferred at Closing all bonds, letters of credit, indemnity agreements, or certificates of deposit required by such Governmental Authorities and will use its Commercially Reasonable Efforts to cooperate with Sellers to obtain a release by such Governmental Authorities of the Operating Entities' bonds, letters of credit, indemnity agreements, and certificates of deposit.

f. If notwithstanding their Commercially Reasonable Efforts Sellers are unable to obtain any Required Consents, none of the Sellers or the Operating Entities shall be liable to Buyer or any other Person for breach of covenant or otherwise.

SECTION 6.8 RISK OF LOSS; CONDEMNATION.

a. Sellers will bear the risk of any loss or damage to the Assets resulting from fire, theft, other casualty, condemnation or taking at all times prior to the Closing. If any such loss, damage, condemnation or taking is so substantial as to prevent resumption of normal operation prior to the Closing Date of Systems serving more than 10% of the aggregate EBU's of the Systems at December 31, 1998, then Buyer may either (i) terminate this Agreement or (ii) elect to close, in which event (A) all insurance proceeds would be assigned to Buyer, (B) there would be no reduction in the Purchase Price, and (C) Sellers will be deemed to have made no warranties concerning the damaged Assets. If such loss, casualty or taking does not cause more than 10% of the Systems' aggregate EBU's to have service suspended beyond the Closing Date then neither party may terminate this Agreement. If the acquisition is completed, notwithstanding such loss, damage or taking, then all insurance proceeds and condemnation proceeds paid or payable as a result of the occurrence of the event causing such loss, damage or condemnation will be delivered by Sellers to Buyer at the Closing, or the rights to such proceeds will be assigned by Sellers to Buyer at the Closing if not yet paid over to Sellers.

SECTION 6.9 PENDING ACQUISITIONS.

a. TWF1 is presently under contract to acquire all of the stock (the "ARH Stock") of ARH, which owns and operates cable television systems in the States of West Virginia and Texas (the "ARH Systems"), pursuant to the ARH Purchase Agreement. If the acquisition of the ARH Stock is closed prior to the Closing, then ARH shall be deemed a Controlled Entity for purposes of this Agreement, including for purposes of calculating the number of EBU's and the adjustments to the Purchase Price purchase to Section 2.7.

b. If the acquisition of the stock of ARH has not been completed as of the Closing but the ARH Purchase Agreement remains in effect, then the following shall apply:

i. The Purchase Price payable at Closing shall be reduced by the product of the ARH Subscriber Number times the EBU Adjustment Factor (such product is referred to herein as the "ARH Price Factor"), and the Threshold EBU Number shall be reduced by the ARH Subscriber Number;

ii. The FCILP Sellers shall not be required to own the ARH Stock at Closing, but FCILP shall be the assignee of TWF1's interest under the ARH

Purchase Agreement to Buyer, and this Agreement shall otherwise remain in effect;

iii. Buyer shall cause FCILP to satisfy all of the obligations of the purchaser under the ARH Purchase Agreement and shall use best efforts to close the transaction contemplated thereby as expeditiously as possible; and

iv. On the date of closing of the transaction under the ARH Purchase Agreement, Buyer shall pay to the FCILP Sellers by wire transfer of funds as additional Purchase Price an amount equal to the excess of (i) the ARH Price Factor over (ii) $49,870,000.

c. If as of the date of Closing the stock of ARH has not been acquired by TWF1 and the ARH Purchase Agreement has been properly terminated under the terms thereof, then (i) the Purchase Price will be reduced by the ARH Price Factor, (ii) the Threshold EBU Number will be reduced by the ARH Subscriber Number, (iii) FCILP shall not be required to own the ARH Stock, and ARH shall not be a "Controlled Entity" for purposes of this Agreement, but this Agreement shall otherwise remain in effect.

SECTION 6.10 REPAYMENT OF INDEBTEDNESS OF CONTROLLED ENTITIES

Simultaneous with Closing Buyer shall cause the indebtedness under the Controlled Entity Credit Agreements to be repaid in full (including any prepayment penalties and premium and any breakage costs); unless Buyer has obtained the lenders' consent that (i) such credit agreements may remain in effect notwithstanding the changed ownership of the Controlled Entity and (ii) all guaranties, pledges, and other obligations of Entity Sellers shall be released in full. If Buyer does keep any such credit facility in place it will also assume any rate hedging instruments or agreements of the Controlled Entities that relate to such credit agreements.

SECTION 6.11 YEAR 2000 MATTERS

Sellers shall use Commercially Reasonable Efforts to cause the Operating Entities to implement the plan described in Section 5.23 to prepare the Systems for the Year 2000 and shall keep Buyer apprised as Buyer may reasonably request regarding such matters. Buyer shall have the right upon reasonable notice and during business hours to periodically inspect the Operating Entities' compliance with Year 2000 issues.

SECTION 6.12 TAX MATTERS

The following provisions shall govern the allocation of responsibility between the Buyer and the Sellers for certain tax matters following the Closing Date:

a. Cooperation on Tax Matters.

(1) The Buyer and Sellers shall cooperate fully, as and to the extent reasonably requested by the other party, in connection with the filing of Tax Returns and any audit, litigation, or other proceeding with respect to Taxes. Such cooperation shall include the retention and (upon the other party's request) the provision of records and information which are reasonably relevant to any such audit, litigation, or other proceeding and making employees available on a mutually convenient basis to provide additional information and explanation of any material provided hereunder. The Buyer and Sellers agree (A) to retain all books and records with respect to Tax matters pertinent to the Asset Sellers Assets, Asset Sellers Business, Asset Sellers Systems, and the Controlled Entities relating to any taxable period beginning before the Closing Date until the expiration of the statute of limitations (and, to the extent notified by the Buyer or any Seller, any extensions thereof) of the respective taxable periods, and to abide by all record retention agreements entered into with any taxing authority, and (B) to give the other party reasonable written notice prior to transferring, destroying or discarding any such books and records and, if the other party so requests, Buyer or Sellers, as the case may be, shall allow the other party to take possession of such books and records to the extent they would otherwise be destroyed or discarded.

(2) The Buyer and the Sellers further agree, upon request, to use commercially reasonable efforts to obtain any certificate or other document from any Governmental Authority or any other Person as may be necessary to mitigate, reduce or eliminate any Tax that could be imposed (including Taxes with respect to the transactions contemplated hereby).

(3) The Buyer and the Sellers agree that if any of them receives any notice of an audit or examination from any Governmental Authority with respect to Taxes relating to the Asset Sellers Asset, Asset Sellers Business, Asset Sellers Systems or a Controlled Entity for any taxable period or portion thereof ending on or prior to the Closing Date, then the recipient of such notice shall, within three (3) days of the receipt thereof, notify and provide copies of such notice to the other party, as the case may be, in accordance with the notice provisions of Section 12.3, provided that Sellers shall control such audit or examination with respect to Taxes for any taxable period or portion thereof ending on or prior to the Closing Date, provided further that Sellers shall not enter into any compromise or agree to settle any claim pursuant to any Tax audit or proceeding which

would materially adversely affect the Buyer for such year without the written consent of Buyer, which consent may not be unreasonably withheld.

b. Tax Elections. From and after the date of this Agreement, the Sellers shall not cause or permit any Controlled Entity, without the prior written consent of the Buyer (which consent shall not be unreasonably withheld) to make, or cause or permit to be made, any Tax election that would adversely affect Buyer in any material respect.

c. Tax Returns to be Filed After the Closing Date. The General Partner of FCILP shall prepare or cause to be prepared and file or cause to be filed any Tax Returns of FCILP which are required to be filed after the Closing Date and relate solely to periods or portions thereof ending on or prior to the Closing Date. Such Tax Returns shall be prepared in accordance with FCILP's past custom and practice (subject to applicable Legal Requirements and determined on the basis of the appropriate permanent records of FCILP).

d. The Sellers agree to cooperate, and to cause CSI, Hornell, ARH and Tioga to cooperate with Buyer prior to the Closing in restructuring the transaction contemplated by this Agreement by (i) permitting the Buyer to purchase the assets held by CSI, Hornell, ARH and/or Tioga from CSI, Hornell, ARH and/or Tioga, respectively, and/or (ii) causing CSI, Hornell, ARH and/or Tioga to form one or more subsidiary entities to which all or a portion of the assets held by such party will be transferred and permitting Buyer to purchase all or a portion of the interest in such subsidiary entity or entities, provided, that, such cooperation may be withheld with respect to each request by Buyer if Sellers in their sole and reasonable discretion, determine that complying with such request would have an adverse economic effect (including without limitation, with respect to Taxes) on any Seller, their Affiliates or any direct or indirect equity holder of any Seller or their Affiliates, but excluding any adverse economic effect for which Buyer agrees to provides a cash payment to Sellers and/or their Affiliates to compensate for the adverse economic effect, and provided, further, that Buyer agrees to indemnify and hold harmless Sellers and/or their Affiliates against any and all Losses incurred as a result of the restructuring contemplated by this Section 6.12(d).

ARTICLE VII. CONDITIONS PRECEDENT

SECTION 7.1 CONDITIONS TO BUYER'S OBLIGATIONS.

The obligations of Buyer to consummate the transactions contemplated by this Agreement shall be subject to the following conditions, any one or more of which may be waived by Buyer in its sole discretion.

a. Accuracy of Representations and Warranties. Those representations and warranties of Sellers set forth at Article V of this Agreement which are expressly stated to be made as of the date of this Agreement or another specified date shall be true and correct in all material respects as of such date, without regard to the materiality or Material Adverse Effect qualifiers set forth therein (except for representations and warranties with respect to the delivery of documents to Buyer or the listing of documents on a Schedule hereto) and all other representations and warranties of Sellers in Articles V and VI shall be true and correct in all material respects at and as of Closing without regard to the materiality or Material Adverse Effect qualifiers set forth therein (except for representations and warranties with respect to the delivery of documents to Buyer or the listing of documents on a Schedule hereto) with the same effect as if made at and as of Closing except for changes contemplated under this Agreement, provided that for purposes of the foregoing sentence, the representations and warranties shall be deemed true and correct in all respects to the extent that the aggregate effect of the inaccuracies in such representations and warranties as of the applicable times does not constitute a Material Adverse Effect, when compared with the state of facts that would exist if all such representations and warranties were true in all respects as of the applicable times.

b. Performance of Agreements. Sellers shall have performed and complied with in all material respects the obligations and covenants in this Agreement to be performed and complied with by them at or before Closing.

c. Officer's Certificate. Buyer shall have received a certificate executed by an executive officer of a general partner of each Seller that is a partnership, an executive officer of each Seller which is a corporation or limited liability company, and the trustee of any Seller that is a trust, and Sellers who are natural persons, dated as of Closing, certifying (with respect to the representations, warranties and covenants made by such Seller) that the conditions specified in Sections 7.1(a) and (b) have been satisfied.

d. Legal Proceedings. No Judgment shall have been entered and not vacated by any Governmental Authority of competent jurisdiction that enjoins, restrains, makes illegal, or prohibits consummation of the transactions contemplated by this Agreement, and there shall be no Litigation pending or threatened by a Governmental Authority (other than a franchising authority) (other than Litigation instituted by or on behalf of Buyer or its Affiliates) that seeks or that, if successful, would have the effect of any of the foregoing.

e. Delivery of Documents. Sellers shall have delivered or caused to be delivered the documents set forth at Section 8.2.

f. Opinion of Sellers' Counsel. Buyer shall have received (i) an opinion of Cameron & Mittleman, counsel to each Seller, date as of Closing, substantially in the form of Exhibit D (ii) and an opinion of Cole, Raywid & Braverman, FCC counsel to each Seller, dated as of Closing substantially in the form of Exhibit E.

g. Franchise Consents. Consents required to be obtained from Governmental Authorities that issued the Franchises for the assignment of the Franchises of the Asset Sellers or the change of control of the Controlled Entities shall have been obtained (or deemed obtained under Section 6.7), or new franchises shall have been issued to Buyer, such that there can be lawfully assigned to Buyer (including Franchises where no approval to assign or change control is required) and/or Buyer shall have obtained its own franchises, covering in the aggregate at least ninety percent (90%) of the aggregate EBUs of the Systems. It is expressly agreed that the absence of other consents to transfer Franchises is not a condition to Buyer's obligation to close the transactions contemplated by this Agreement. If one hundred twenty (120) days shall not have elapsed since the date of initial filing of the FCC Form 394 with respect to any consent relating to any Franchise which has not been obtained, then Buyer may delay the closing to a date not later than the 120th day to obtain such consents. If Buyer waives this condition, Buyer shall indemnify Sellers against any loss or liability incurred by Sellers as a result of the failure to have Consents to transfer Franchises.

h. Mandatory Consents. The Mandatory Consents (other than those relating to Franchises) shall have been obtained.

i. Liens. Sellers shall have delivered payoff letters with respect to those Liens set forth on Schedule 5.4, which shall include the lienholder's promise to release all liens held by it upon payment of a specified amount.

j. Transfer Documents. Sellers shall have delivered to Buyer the Bill of Sale, the stock certificates evidencing the Stock duly endorsed for transfer to Buyer, special warranty deeds for the Owned Real Estate, and other instruments of transfer sufficient to convey title to the Asset Sellers Assets and the Stock in accordance with the terms of this Agreement and otherwise in form and substance reasonably satisfactory to Buyer and its counsel.

k. HSR Act Waiting Period. The waiting period under the HSR Act shall have expired or been terminated.

l. Minimum EBUS. The number of EBU's shall be greater than 500,000 (483,185 if the transaction under the ARH Purchase Agreement has not been consummated).

m. Material Adverse Change. No event shall have occurred between the date of this Agreement and the date on which the Closing is to occur that has had a Material Adverse Effect (for purposes of this paragraph a reduction in EBU's shall not constitute by itself a Material Adverse Effect).

n. Capital Expenditures. The Operating Entities shall have continued Capital Expenditures in the ordinary course of business in a manner substantially consistent with their 1999 budget as previously provided to Buyer and summarized on Schedule 5.15(c), except as otherwise provided herein.

o. Mountaineer. If Buyer and Mountaineer Telecommunications, LLC ("Mountaineer") have not entered into a definitive agreement for Buyer's investment in Mountaineer pursuant to the term sheet attached as Exhibit G despite the best efforts of Buyer to do so, then the Capacity License Agreements with FiberNet, LLC, FiberNet of Michigan, LLC and FiberNet Telecommunications of Pennsylvania, LLC, including the Capacity License Agreement entered into between FiberNet, LLC and ARH, shall have been amended such that the terms (other than descriptions of locations and costs) are the same as the terms of the original agreements dated April 1, 1999 between TWF1 and, respectively, FiberNet, LLC and FiberNet Telecommunications of Pennsylvania, LLC.

SECTION 7.2 CONDITIONS TO SELLERS' OBLIGATIONS.

The obligations of Sellers to consummate the transactions contemplated by this Agreement shall be subject to the following conditions, any one or more of which may be waived by Sellers, in its sole discretion:

a. Accuracy of Representations and Warranties. The representations and warranties of Buyer in this Agreement shall be true and accurate in all material respects at and as of Closing with the same effect as if made at and as of Closing without regard to the materiality or Material Adverse Effect qualifiers set forth therein (except for representations and warranties with respect to the delivery of documents to Buyer or the listing of documents on a Schedule hereto) except for changes contemplated under this Agreement and except for representations and warranties made only at and as of a certain date, provided that for purposes of the foregoing sentence, the representations and warranties shall be deemed true and correct in all respects to the extent that the aggregate effect of the inaccuracies in such representations and warranties as of the applicable times does not constitute a Material Adverse Effect, when compared with the state of facts that would exist if all such representations and warranties were true in all respects as of the applicable times.

b. Performance of Agreements. Buyer shall have performed in all material respects all agreements and complied in all material respects with all covenants in this Agreement to be performed and complied with by it at or before Closing.

c. Officer's Certificate. Sellers shall have received a certificate executed by an executive officer of Buyer, dated as of Closing, certifying that the conditions specified in Sections 7.2(a) and (b) have been satisfied.

d. Delivery of Documents. Buyer shall have delivered or caused to be delivered the documents set forth at Section 8.3.

e. Legal Proceedings. No Judgment shall have been entered and not vacated by any Governmental Authority of competent jurisdiction that enjoins, restrains, makes illegal, or prohibits consummation of the transactions contemplated hereby, and there shall be no Litigation pending or threatened that seeks or that, if successful, would have the effect of any of the foregoing.

f. Opinion of Buyer's Counsel. Sellers shall have received an opinion of Paul, Hastings, Janofsky & Walker LLP counsel to Buyer, dated as of Closing, substantially in the form of Exhibit F.

g. Board Approval. The Management Committee of TWF1 and TWF2 shall have approved the transactions contemplated hereby. Between the date of this Agreement and the date of the next meeting of the Board of Directors of Time Warner, Inc., except for matters involving the TWF1 Distribution Agreement and the TWF2 Distribution Agreement, none of the Sellers will, nor will any of them authorize or permit any officer, director, partner, employee, advisor, or representative to directly or indirectly solicit or initiate or encourage the submission of any proposal, negotiate, provide to any person or respond to any request for information with respect to the sale of the Assets or Ownership Interests (except in any case with the Buyer), and Sellers will advise Buyer, within 24 hours thereof, of any written communications received by Robert C. Fanch or Jeffrey D. Elberson from any third party asking to acquire any of the Systems and/or any Ownership

Interest. Until the next meeting of the Board of Directors of Time Warner, Inc. ("TWI"), Sellers immediately will cease and cause to be terminated any existing activities, discussions or negotiations with any other person that have been conducted with respect to any acquisition proposal with respect to any of the Systems or Ownership Interests. In the event the Board of Directors of TWI does not approve the transaction contemplated hereby, then the following shall apply: If within one year after the date hereof the Ownership Interests and Asset Sellers Assets are sold for a price in excess of $2,400,000,000, then the Operating Entities shall pay to Buyer upon any such sale an amount equal to the greater of (i) $50,000,000, or (ii) the total consideration received in such sale in excess of the Base Amount. The Base Amount means $2,400,000,000 through November 30, 1999, and increases by $14,000,000 on December 1, 1999 and on the first day of each month thereafter.

h. HSR Act Waiting Period. The waiting period under the HSR Act shall have expired.

i. Distribution of Assets. The distribution of assets contemplated by the TWF1 Distribution Agreement and the TWF2 Distribution Agreement shall have been completed.

SECTION 7.3 NON-ASSIGNMENT.

If at Closing at least ninety percent (90%) of the EBU's are in areas that (i) do not require franchises or (ii) are served under Franchises that do not require consent to transfer, or (iii) are served under Franchises for which consent to transfer has been obtained in accordance with this Agreement or (iv) are served under Franchises issued directly to Buyer (collectively "Transferable Franchise Areas"), then Buyer shall acquire all of the Systems and no special arrangement shall be made with respect to Franchises for which consent to transfer is required but is not obtained, and there shall be no adjustment in the Purchase Price. As to any Franchises that require consent to assign for which consent has not been obtained, there shall be no change in the Purchase Price, and the applicable Seller(s) and Buyer shall enter into a management agreement containing terms generally contained in agreements of this type, by which Buyer shall manage the applicable System(s) (the "Withheld Systems") and Buyer shall retain all cash flow of such Withheld Systems until the consent to transfer such System is obtained, whereupon the applicable Withheld System and Franchise shall be assigned to Buyer. If Buyer requests the sale of any Withheld System prior to its transfer to Buyer, the applicable Seller shall use reasonable commercial efforts to sell the same, and in the event of any such sale the proceeds of the sale, after expenses of sale, shall be paid to Buyer. On the first anniversary of the Closing Date, any Withheld System that has not been sold shall be conveyed to Buyer, regardless of whether or not the franchise transfer consent was obtained.

ARTICLE VIII. CLOSING

SECTION 8.1 CLOSING; TIME AND PLACE

a. Subject to the terms and conditions of this Agreement, the purchase by Buyer of the Stock and the Asset Sellers Assets pursuant to this Agreement ("the Closing") shall be held at the offices of Buyer's counsel, Paul, Hastings, Janofsky & Walker LLP, 399 Park Avenue, New York, New York 10022 at 10:00 a.m., local time, on October 31, 1999, or at such earlier or later date as may be agreed upon by Sellers and Buyer (the "Closing Date").

b. If at October 31, 1999, the conditions to a party's obligation to close under Section 7.1 or Section 7.2 have not been satisfied or waived, then unless the failure of condition resulted from such party's breach of any of its warranties or covenants under this Agreement, then that party may extend the Closing Date to a date until all such conditions have been met or waived but not to a date later than March 31, 2000 (the "Outside Closing Date"). If the Closing Date is so extended, then the Closing shall be held on either (at Seller's option) (i) the fifth day after all such conditions have been waived or satisfied or (ii) the last Business Day of the month in which all such conditions are satisfied or waived. Either party may notify the other that all such conditions have been satisfied or waived and may set the Closing for the last Business Day of the month in which such notice is given.

SECTION 8.2 SELLERS' DELIVERIES.

At Closing, Sellers shall deliver or cause to be delivered to Buyer the following:

a. Bill of Sale. Executed counterparts of the Bill of Sale in the form of Exhibit B (the "Bill of Sale");

b. Stock Certificates. The original certificates evidencing the Stock, duly endorsed for transfer to Buyer;

c. Officer's Certificate. The certificate described in Section 7.1(c);

d. Evidence of Authorizing Actions. A certificate executed by each Seller that is not a natural person, dated as of the Closing Date, (1) certifying that the resolutions, as attached to said certificate, were duly adopted by its appropriate governing body authorizing and approving the execution by such party of this Agreement and the other Transaction Documents to which such party is a party and the consummation of the transactions contemplated hereby and thereby and that such resolutions remain in full force and effect; and (2) providing, as attachments thereto, Certificates of Good Standing for each Seller where obtainable certified by an appropriate state official of the state of formation certified by such state official as of a date not more that fifteen (15) days before the Closing Date;

e. Opinion of Sellers' Counsel. The opinion described in Section 7.1(f)(i);

f. Opinion of Sellers' FCC Counsel. The opinion described in Section 7.1(f)(ii);

g. Vehicle Titles. Title certificates to all vehicles included in the Asset Sellers Assets, endorsed for transfer of title to Buyer, and any separate bills of sale and other vehicle title transfer documentation required by the laws of the state in which such vehicles are titled;

h. Documents and Records. All (i) existing blueprints, schematics, working drawings, plans, specifications, projections, statistics, engineering records, original plant records, construction, and as-built maps in Sellers' possession relating to the Systems, (ii) employee records of Controlled Entity employees, and (iii) customer lists, files and records used by the Sellers in connection with the operation of the Systems, including lists of all pending subscriber hook-ups, disconnects and all repair orders, supply orders and any other records pertinent to the operation of the Systems. Delivery of the foregoing shall be deemed made to the extent such lists, files, and records are located as of the Closing Date at any of the offices included in the Owned Real Property or the Leased Real Property;

i. Controlled Entity Records. The original stock, limited liability company interest or partnership record book(s) and minute books of the Controlled Entities and other similar records of the Controlled Entities;

j. Resignations. Resignations of all officers and directors of the Controlled Entities and releases by partners and shareholders of the Controlled Entities releasing all claims they may have against the Controlled Entities other than pursuant to this Agreement;

k. Incumbency. An incumbency certificate of the persons providing the certificate under clause (d) above;

l. Compliance with FIRPTA. A certificate executed by each Seller, in a form reasonably satisfactory to the Buyer, pursuant to Section 1.1445-2(b)(2) of the Treasury Regulations promulgated under the Code, certifying that such Seller is not a foreign person; and

m. Indemnity Escrow Agreement. The Indemnity Escrow Agreement, duly executed by each Seller and the Escrow Agent.

SECTION 8.3 BUYER'S DELIVERIES.

At Closing, Buyer shall deliver or cause to be delivered to Seller the following:

a. Purchase Price and Current Items Amount. The Purchase Price plus or minus the Current Items Amount, the Subscriber Adjustment and Escrow, as determined in accordance with the provisions of Section 2.7(a);

b. Bill of Sale. Executed counterparts of the Bill of Sale;

c. Assumption Agreement. An assumption agreement substantially in the form attached hereto as Exhibit C;

d. Officer's Certificate. The certificate described in Section 7.2(c);

e. Evidence of Authorizations. A certificate executed by Buyer, dated as of the Closing Date, (1) certifying that the resolutions, as attached to said certificate, were duly adopted by the Board of Directors of Buyer, authorizing and approving the execution by such party of this Agreement and the other Transaction Documents to which such party is a party and the consummation of the transactions contemplated hereby and thereby and that such resolutions remain in full force and effect; and (2) providing, as attachments thereto, Certificates of Good Standing for Buyer certified by an appropriate state official of the State of Delaware certified by such state official as of a date not more than fifteen (15) days before the Closing Date;

f. Incumbency. An incumbency certificate of Buyer evidencing the authority of the entities and individuals who are signatories to this Agreement and each other Transaction Documents to which Buyer is a party; and

g. Opinion of Buyer's Counsel. The opinion described in Section 7.2(e); and

h. Indemnity Escrow Agreement. The Indemnity Escrow Agreement, duly executed by Buyer and the Escrow Agent.

ARTICLE IX. TERMINATION

SECTION 9.1 TERMINATION EVENTS.

This Agreement may be terminated and the transactions contemplated hereby may be abandoned as follows:

a. At any time, by the mutual written agreement of Buyer and Sellers;

b. By either Buyer or Sellers upon written notice to the other, if the other is in material breach or default of its respective covenants, agreements, or other obligations herein, or if any of its representations herein are not true and accurate in all material respects when made or when otherwise required by this Agreement to be true and accurate, and such breach, default or failure is not cured within sixty (60) days of receipt of notice that such breach, default or failure exists or has occurred, or, if such breach, default or failure cannot be cured, the breaching party has not agreed to fairly compensate the non-breaching party or such breach, default or failure to the reasonable satisfaction of the non-breaching party or the non-breaching party waives such breach, default or failure; provided that no such cure period shall apply to Buyer's failure to close the transaction contemplated hereby on the Closing Date if the conditions set forth at Section 7.1 hereof have been satisfied.

c. By either Buyer or Sellers upon written notice to the other on or after the Outside Closing Date if any conditions to its obligations set forth in Sections 7.1 and 7.2, respectively, shall not have been satisfied on or before the Outside Closing Date for any reason other than a willful and intentional breach or default by such terminating party of its respective covenants, agreements or other obligations hereunder that caused such conditions not to be met; or

d. By Sellers or Buyer if the condition set forth at Section 7.2(g) is not satisfied by August 30, 1999; or

e. As otherwise provided herein.

No party may terminate this Agreement after the Closing has occurred.

SECTION 9.2 EFFECT OF TERMINATION.

If this Agreement shall be terminated pursuant to Section 9.1, all obligations of the parties hereunder shall terminate and there will be no liability on the part of any party to any other party or Person in respect thereof, except for the obligations set forth in Sections 6.4, 7.2(g), 10.1, 10.2, 10.3, 12.1, and 12.10.

ARTICLE X. REMEDIES IN THE EVENT OF DEFAULT PRIOR TO CLOSING

SECTION 10.1 DEFAULT BY BUYER.

If Buyer shall default in the performance of its obligations under this Agreement in any material respect or if, as a result of Buyer's willful breach of its obligations pursuant to this Agreement, the conditions precedent to Sellers' obligation to close specified in Section 7.2 are not satisfied, Sellers shall be entitled to specific performance of Buyer's obligation to close, as well as any and all other remedies at law or in equity, and the election of any particular remedy shall not preclude pursuit of other remedies.

SECTION 10.2 DEFAULT BY SELLERS.

If Sellers shall default in the performance of their obligations under this Agreement in any material respect or if, as a result of Sellers' willful breach of their obligations pursuant to this Agreement, the conditions precedent to Buyer's obligation to close specified in Section 7.1 are not satisfied, and Buyer shall not then be in default in the performance of its obligations hereunder in any material respect, Buyer shall be entitled, at Buyer's sole option, either:

a. to require Sellers to consummate and specifically perform the sale in accordance with the terms of this Agreement, if necessary through injunction or other court order or process; or

b. to terminate this Agreement by written notice to Sellers.

The foregoing shall be Buyer's sole and exclusive remedies for default by Sellers of this Agreement, and under no circumstances shall Sellers be liable to Buyer for monetary damages upon a default under, or the termination of, this Agreement prior to Closing.

SECTION 10.3 SPECIFIC PERFORMANCE

Buyer and Sellers acknowledge that irreparable damage would occur if any of their respective covenants and obligations in this Agreement are not performed and that money damages would be an inadequate remedy therefor. Accordingly, it is agreed that the parties shall be entitled to an injunction or injunctions to prevent breaches of such covenants and to enforce specifically the covenants and obligations in this Agreement.

ARTICLE XI. INDEMNIFICATION

SECTION 11.1 INDEMNIFICATION BY SELLERS.

From and after Closing, subject to Sections 11.4, 11.5 and 11.6 hereof, each Seller severally (and not jointly) shall indemnify and hold harmless Buyer from and against any and all Losses arising out of or resulting from the following:

a. Any representations and warranties made by such Seller in this Agreement (with each Seller's representations and warranties limited as provided at Section 3.5) not being true and accurate when made or when required by this Agreement to be true and accurate;

b. As to any Asset Seller, any liabilities and obligations (other than Assumed Obligations and Liabilities) arising out of or relating to the operation of the Systems of such Asset Seller prior to the Closing Date, including, without limitation, the Retained Liabilities and Obligations, but excluding (i) any liabilities and obligations that are applied to reduce the Purchase Price pursuant to Section 2.6 hereof and (ii) obligations under the Controlled Entity Credit Agreements;

c. As to any Asset Seller, any obligation to refund to subscribers of the Systems any payments made by such subscribers for service received by them prior to Closing, unless the obligation to make refunds results from Buyer's consent to such refunds or Buyer's request that such refunds be required, provided that the Buyer's acquiescence to a governmental order not requested by Buyer shall not be deemed consent; and

d. Any and all actions, suits, proceedings, claims, demands, assessments, judgments, costs and expenses, including without limitation, reasonable legal fees and reasonable expenses, incident to any of the foregoing or incurred in investigating or attempting to avoid the same or to oppose the imposition thereof, or in enforcing this indemnity.

SECTION 11.2 INDEMNIFICATION BY BUYER.

From and after Closing, Buyer shall indemnify and hold harmless Sellers and each Owner from and against any and all Losses arising out of or resulting from the following:

a. Any representations and warranties made by Buyer in this Agreement not being true and accurate when made or when required by this Agreement to be true and accurate;

b. Any of the Assumed Obligations and Liabilities;

c. Any liabilities and obligations arising out of or relating to the operation of the Assets, Systems or the Business or the ownership of the Ownership Interests or the Stock subsequent to the Closing Date; and

d. Any and all actions, suits, proceedings, claims, demands, assessments, judgments, costs and expenses, including without limitation, legal fees and expenses, incident to any of the foregoing or incurred in investigating or attempt to avoid the same or to oppose the imposition thereof, or in enforcing this indemnity.

SECTION 11.3 INDEMNIFIED THIRD PARTY CLAIM.

a. If any Person not a party to this Agreement shall make any demand or claim or file or threaten to file or continue any Litigation with respect to which Buyer or Sellers is entitled to indemnification pursuant to Sections 11.1 or 11.2, respectively, then within ten (10) days after notice (the "Notice") by the party entitled to such indemnification (the "Indemnitee") to the other (the "Indemnitor") of such demand, claim or Litigation, the Indemnitor shall have the option, at its sole cost and expense, to retain counsel for the Indemnitee (which counsel shall be reasonably satisfactory to the Indemnitee), to defend any such Litigation; provided, however, that the failure to give such notice shall not impair the Indemnitee's rights under this Section 11 unless such failure to give such notice shall have materially impaired the Indemnitor's ability to defend against such third party claim. Thereafter, the Indemnitee shall be permitted to participate in such defense at its own expense, provided that, if the named parties to any such Litigation (including any impleaded parties) include both the Indemnitor and the Indemnitee or, if the Indemnitor proposes that the same counsel represent both the Indemnitee and the Indemnitor and representation of both parties by the same counsel would be inappropriate due to actual or potential differing interests between them, then the Indemnitee shall have the right to retain its own counsel at the reasonable cost and expense of the Indemnitor. If the Indemnitor shall fail to respond within ten (10) days after receipt of the Notice, the Indemnitee may retain counsel and conduct the defense of such Litigation as it may in its sole discretion deem proper, at the sole reasonable cost and expense of the Indemnitor.

b. The Indemnitee shall provide reasonable assistance to the Indemnitor and provide access to its books, records and personnel as the Indemnitor reasonably requests in connection will the investigation or defense of the indemnified Losses. The Indemnitor shall promptly upon receipt of reasonable supporting documentation reimburse the Indemnitee for reasonable out-of-pocket costs and expenses incurred by the latter in providing the requested assistance.

c. In the event that Indemnitor desires to compromise or settle any such claim, Indemnitee shall have the right to consent to such settlement or compromise; provided, however, that if such compromise or settlement is for money damages only and will include a full release and discharge of Indemnitee, and Indemnitee withholds its consent to such compromise or settlement, Indemnitor and Indemnitee agree that (i) Indemnitor's liability shall be limited to the amount of the proposed settlement and Indemnitor shall thereupon be relieved of any further liability with respect to such claim, and (ii) from and after such date, Indemnitee will undertake all legal costs and expenses in connection with such claim and shall indemnify Indemnitor from any further liability or obligation to such third party in connection with such claim in excess of the amount of the proposed settlement. If Indemnitor fails to defend any claim within a reasonable time, Indemnitee shall be entitled to assume the defense thereof, and Indemnitor shall be liable to Indemnitee for its expenses reasonably incurred, including attorney's fees and payment of any settlement amount or judgment.

SECTION 11.4 DETERMINATION OF INDEMNIFICATION AMOUNTS AND RELATED MATTERS.

a. In calculating amounts payable to an Indemnitee hereunder, the amount of the indemnified losses shall be reduced by the amount of any insurance proceeds paid to the Indemnitee for such Losses.

b. The provisions of Sections 11.3 and 11.4 shall be applicable to any claim for indemnification made under any other provision of this Agreement and all references in Sections 11.3 and 11.4 to Sections 11.1 and 11.2 shall be deemed to be references to such other provisions of this Agreement.

SECTION 11.5 TIME AND MANNER OF CERTAIN CLAIMS.

Except as otherwise provided herein, the representations, warranties and pre-Closing covenants and agreements of Buyer and Sellers in this Agreement shall survive Closing for a period of six (6) months, except that the representations and warranties contained in Sections 5.4 and 5.11 shall survive Closing for the period required according of any statute of limitation applicable to such Section, respectively. Buyer's and Sellers' rights to make claims dated thereafter shall likewise expire and be extinguished on such date. Neither Sellers nor Buyer shall have any liability under Sections 11.1 or 11.2, respectively, for breach of any representation or warranty or any other covenant, agreement or obligation to the extent required to be performed prior to the Closing Date, unless a claim for Losses for which indemnification is sought thereunder is asserted by the party seeking indemnification by written notice to the party from whom indemnification is sought within the said six months.

SECTION 11.6 LIMITATION ON INDEMNIFICATION.

a. Notwithstanding anything herein to the contrary Buyer's recourse against Sellers after Closing for any breach of warranty, representation or covenant by Sellers, or for any other indemnification obligations or other obligations of Sellers under this Agreement, shall be limited to the amount held under the Indemnity Escrow Agreement. Furthermore, without limiting the foregoing, Buyer's recourse against any Seller Group (as defined at Section 2.5) after Closing for any breach of warranty, representation or covenant by such Seller Group, or for any other indemnification obligations or other obligations of such Seller Group under this Agreement shall be limited to the Indemnity Limit for such Seller Group as provided at Section 2.5 hereof, except that each Seller Group's liability for breach of the warranty at any of Sections 5.2 (authority) or 5.4(a) (title) shall be limited to the portion of the Purchase Price attributable to that Seller Group.

b. No claim for indemnification may be made by Buyer hereunder and no Sellers shall have liability hereunder except to the extent the aggregate amount of claims exceeds One Million Dollars ($1,000,000).

c. Buyer shall not be required to make a payment to any Seller pursuant to this Article XI in respect of a breach of warranty by Buyer except to the extent that the total amount owed to the Sellers in the aggregate equals or exceeds One Hundred Thousand Dollars ($100,000); provided that this limitation shall not apply to Buyer's covenant to repay the indebtedness under the Controlled Entity Credit Agreements or to the Assumed Obligations and Liabilities.

d. The provisions of this Section 11.6 shall be applicable to any claim for indemnification made under any other provision of this Agreement, and all references in Section 11.6 shall be deemed to be references to such other provisions of this Agreement.

e. The remedies set forth in Section 11.1 of this Agreement shall be exclusive and in lieu of any other remedies that may be available to Buyer under any other agreement or pursuant to any statutory or common law with respect to any Losses of any kind or nature incurred directly or indirectly resulting from or arising out of this Agreement or the transactions contemplated hereby or otherwise arising out of or relating to the Assets, Business, Systems, Ownership Interests or Stock, which other remedies are hereby waived.

ARTICLE XII. MISCELLANEOUS

SECTION 12.1 EXPENSES.

Except as otherwise expressly provided in this Agreement, each of the parties shall pay its own expenses and the fees and expenses of its counsel, accountants, and other experts incurred in connection with this Agreement. Sellers shall bear and pay any amounts payable to Waller Capital Corporation in connection with this Agreement and the transactions contemplated hereby.

SECTION 12.2 WAIVERS.

No action taken pursuant to this Agreement, including any investigation by or on behalf of any party hereto, shall be deemed to constitute a waiver by the party taking the action of compliance with any representation, warranty, covenant or agreement contained herein or in any document delivered pursuant hereto. The waiver by any party hereto of any condition or of a breach of another provision of this Agreement shall not operate or be construed as a waiver of any other condition or subsequent breach. The waiver by any party of any of the conditions precedent to its obligation under this Agreement must be in writing shall not preclude it from seeking redress for breach of this Agreement other than with respect to the condition so waived.

SECTION 12.3 NOTICES.

All notices, requests, demands, applications, services of process, and other communications which are required to be or may be given under this Agreement shall be in writing and shall be deemed to have been duly given if sent by facsimile transmission (with automatic machine confirmation), delivered by overnight or other courier service, or mailed, certified first class mail, postage prepaid, return receipt requested, to the parties hereto at the following addresses:

To Sellers:

c/o Fanch Communications, Inc.
1873 South Bellaire Street Suite 1550
Denver, Colorado 80222
Attention: Robert C. Fanch, Chairman and
Jeffrey D. Elberson, Executive Vice President
Telecopy: 303-756-8420

Copies (which shall not constitute notice) to:

Cameron & Mittleman LLP
56 Exchange Terrace
Providence, Rhode Island 02903
Attention: David L. Mayer
Telecopy: 401-331-5787

Larry Guffey
The Blackstone Group
345 Park Avenue
New York, New York 10154
Telecopy: 212-583-5574

Richard Capelouto, Esquire
Simpson Thacher & Bartlett
425 Lexington Avenue
New York, New York 10017
Telecopy: 212-455-2502

To Buyer:

Charter Communications, Inc.
12444 Powerscourt Drive, Suite 100
St. Louis, Missouri 63131
Attention: Jerald L. Kent, President & CEO

with a copy to:

Curtis S. Shaw, General Counsel

Telephone: 314-965-0555
Telecopier: 314-965-8793

Copies (which shall not constitute notice) to:

Paul, Hastings, Janofsky & Walker LLP
399 Park Avenue, 31st Floor
New York, NY 10022
Attention: Thomas R. Pollock, Esq.
Telephone: 212-318-6000
Telecopier: 212-319-4090

or to such other address as any party shall have furnished to the other by notice given in accordance with this Section. Such notice shall be effective, (i) if delivered by courier service or by facsimile transmission, upon actual receipt by the intended recipient, or (ii) if mailed, upon the earlier of five (5) days after deposit with the U. S. Postal Service or the date of delivery as shown on the return receipt therefor.

SECTION 12.4 ENTIRE AGREEMENT; AMENDMENTS.

This Agreement embodies the entire agreement between the parties hereto with respect to the subject matter hereof and supersedes all prior agreements and understandings, oral or written, with respect thereto. This Agreement may not be modified orally, but only by an agreement in writing signed by the party or parties against whom any waiver, change, amendment, modification, or discharge may be sought to be enforced.

SECTION 12.5 BINDING EFFECT; BENEFITS.

This Agreement shall inure to the benefit of and will be binding upon the parties hereto and their respective heirs, legal Representatives, successors, and permitted assigns. Neither Buyer nor Sellers shall assign this Agreement or delegate any of its duties hereunder to any other Person without the prior written consent of the other. Nothing in this Agreement, express or implied, is intended to confer upon any person other than the parties hereto and their respective successors and-permitted assigns, any rights, remedies or obligations under or by reason of this Agreement; provided, however, that Buyer may assign all or part of its rights, interests or obligations hereunder to one or more Affiliates without the prior written consent of Sellers if such assignment would not delay Closing or delay obtaining any Required Consent or require additional consents, provided that notwithstanding any such assignment Buyer guarantee the performance of all obligations hereunder. No assignment shall delay the filing of FCC Forms 394 or any filings under the HSR Act.

SECTION 12.6 HEADINGS, SCHEDULES, AND EXHIBITS.

The section and other headings contained in this Agreement are for reference purposes only and will not affect the meaning or interpretation of this Agreement. Reference to schedules and exhibits shall, unless otherwise indicated, refer to the schedules or exhibits attached to this Agreement, which shall be incorporated in and constitute a part of this Agreement by such reference.

SECTION 12.7 NON-RECOURSE.

No Owner, and no employee, partner, member, officer, director, manager or shareholder of any of Sellers or Buyer shall have any liability hereunder.

SECTION 12.8 COUNTERPARTS.

This Agreement may be executed in any number of counterparts, each of which, when executed, shall be deemed to be an original and all of which together will be deemed to be one and the same instrument.

SECTION 12.9 DISCLAIMER OF WARRANTY.

Sellers shall not be liable for or bound in any manner by any express or implied, oral or written information, warranty, guaranty, promise, statement, inducement or representation pertaining to the Ownership Interests, the Controlled Entities, the Assets, the Systems or the Business (including projections as to income from and expense of any System, or the uses which can be made of, or the value, prospects or profitability of such System), except as is expressly set forth in this Agreement and the Schedules attached to this Agreement.

SECTION 12.10 PUBLICITY.

Sellers and Buyer shall consult with and cooperate with the other with respect to the content and timing of all press releases and other public announcements, and any oral or written statements to Sellers's employees concerning this Agreement and the transactions contemplated hereby. Neither Sellers nor Buyer shall make any such release, announcement, or statements without consulting with the other prior to such release, announcement or statement; and in no event may any such announcement refer to the price or terms of the transaction without the consent of both parties. Notwithstanding the foregoing, that Sellers or Buyer may at any time make any announcement required by Legal Requirements so long as such party, promptly upon learning of such requirement, notices the other of such requirement and consults with the other in good faith with respect to the wording of such announcement.

SECTION 12.11 GOVERNING LAW.

The validity, performance, and enforcement of this Agreement and all transaction documents, unless expressly provided to the contrary, shall be governed by the laws of the State of Delaware without giving effect to the principles of conflicts of law of such state.

SECTION 12.12 THIRD PARTIES; JOINT VENTURES.

This Agreement constitutes an agreement solely among the Parties hereto, and, except as otherwise provided herein, is not intended to and will not confer any right, remedies, obligation, or liabilities, legal or equitable, including any right of employment on any Person (including but not limited to any employee or former employee of Sellers) other than the parties hereto and their respective successors or assigns, or otherwise constitute any Person a third party beneficiary under or by reason of this Agreement. Nothing in this Agreement, expressed or implied, is intended to or shall constitute the parties hereto partners. or participants in a joint venture.

SECTION 12.13 CONSTRUCTION.

This Agreement has been negotiated by Buyer and Sellers and their respective legal counsel, and legal or equitable principles that might require the construction of this Agreement or any provision of this Agreement against the party drafting this Agreement shall not apply in any construction or interpretation of this Agreement.

SECTION 12.14 FURTHER ACTS.

Buyer and Sellers shall, without further consideration, execute and deliver such further instruments and documents and do such other acts and things as the other may reasonably request in order to confirm the transactions contemplated by this Agreement. Without limiting the foregoing, Sellers shall deliver to Buyer any and all checks, drafts or other forms of payment received in respect of any of the Accounts Receivable acquired by Buyer pursuant to the terms of this Agreement and any of the Accounts Receivable subsequent to the Closing Date derived from the operations of the Business.

IN WITNESS WHEREOF, Buyer and Sellers have executed this Agreement as of the date first written above.

BUYER:

Charter Communications, Inc.

By: /s/ Kent Kalkwarf

Title: SVP-CFO

[Signatures continued on following page]

SELLERS:

FCILP Sellers:

Blackstone TWF Capital
Partners, L.P.
By: Blackstone Management Associates
Fanch L.L.C.,
its general partner,

By: /s/ Mark T. Gallogly

Name:
Title: Member

Blackstone TWF Capital
Partners A L.P.
By: Blackstone Management
Associates Fanch L.L.C.,
its general partner,

By: /s/ Mark T. Gallogly

Name:
Title: Member

Blackstone TWF Capital
Partners B L.P.
By: Blackstone Management
Associates Fanch L.L.C.,
its general partner,

By: /s/ Mark T. Gallogly

Name:
Title: Member

Blackstone TWF Family
Investment Partnership, L.P.
By: Blackstone Management
Associates Fanch L.L.C.,
its general partner,

By: /s/ Robert C. Fanch

Name:
Title: Member

Fanch Management Partners, Inc.

By: /s/ Robert C. Fanch

Robert C. Fanch
Chairman

RCF Carry, LLC

By: /s/ Robert C. Fanch

Robert C. Fanch, Manager

PBW Carried Interest, Inc.

By: /s/ Jeffrey D. Elberson

Jeffrey D. Elberson,
Executive Vice President

RCF Indiana Management Corp.

By: /s/ Robert C. Fanch

Robert C. Fanch
Chairman

SDG/Michigan Communications
Joint Venture
By its general partner,
RCF Michigan Management, Inc.

By: /s/ Robert C. Fanch

Robert C. Fanch
Chairman

The Robert C. Fanch Revocable Trust

By: /s/ Robert C. Fanch

Robert C. Fanch, Trustee

/s/ Robert C. Fanch

Jack Pottle
By Robert C. Fanch,
attorney-in-fact

/s/ Robert C. Fanch

Thomas W. Binning
By Robert C. Fanch,
attorney-in-fact

/s/ Robert C. Fanch

A. Dean Wandry
By Robert C. Fanch,
attorney-in-fact

Master:

Fanch-JV2 Master Limited Partnership
By its general partner,
Fanch Management Partners, Inc.

By: /s/ Robert C. Fanch

Robert C. Fanch
Manager

Cooney:

Cooney Cable Associates of Ohio, Limited Partnership
By its general partner, RCF
Ohio Investors II, Inc.

By: /s/ Robert C. Fanch

Robert C. Fanch
Chairman

Twain:

Mark Twain Cablevision Limited Partnership
By its general partner,
FMTC Acquisition Corp.

By: /s/ Robert C. Fanch

Robert C. Fanch
Chairman

NTC:

North Texas Cablevision,
Ltd.
By its general partner,
NTC Communications General
Partnership
By its general partner,
RCF Texas Management, Inc.

By: /s/ Robert C. Fanch

Robert C. Fanch
Chairman

FNCSI:

Fanch-Narragansett CSI
Limited Partnership
By its general partner,
Cable Systems, Inc.

By: /s/ Robert C. Fanch

Title: Chairman

Post:

Post Cablevision of Texas,
Limited Partnership
By its general partner,
North Texas Cablevision, Ltd.
By its general partner,
NTC Communications General Partnership
By its general partner,
RCF Texas Management, Inc.

By: /s/ Robert C. Fanch

Robert C. Fanch
Chairman

Spring Green:

Spring Green Communications,
Limited Partnership
By its general partner,
RCF Wisconsin Management, Inc.

By: /s/ Robert C. Fanch

Robert C. Fanch
Chairman

FKGP:

Fanch Cablevision of Kansas
General Partnership
By its general partners:
RCF Kansas Management, Inc.

By: /s/ Robert C. Fanch

Robert C. Fanch
Chairman

Narragansett Capital Partners-A, L.P.
By its general partner,
Narragansett Capital Associates, l.p.

By: /s/ Gregory P. Barber

Gregory P. Barber
General Partner

Narragansett Capital Partners-B, L.P.
By its general partner,
Narragansett Capital Associates, l.p.

By: /s/ Gregory P. Barber

Gregory P. Barber
General Partner

Fanch-Narragansett CSI Limited Partnership
By its general partner,
Cable Systems, Inc.

By: /s/ Robert C. Fanch

Robert C. Fanch
Chairman

Exhibit 2.11

PURCHASE AND CONTRIBUTION 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 and

TCID OF MICHIGAN, INC., as Sellers,

AND

CHARTER COMMUNICATIONS HOLDING COMPANY, LLC,

as Buyer

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TABLE OF SCHEDULES ATTACHED TO DISCLOSURE LETTER

The preceding schedules have been omitted from this exhibit. The Company agrees to provide copies of such schedules to the Commission upon request.

TABLE OF EXHIBITS

Exhibit	Description
Exhibit A	Sellers' Proportionate Interests
Exhibit B	Designated Programming Services
Exhibit C	Fourth Amendment to Contribution Agreement
Exhibit D	Adjustment Escrow Agreement
Exhibit E	Operating Agreement Term Sheet
Exhibit F	Exchange Agreement Term Sheet
Exhibit G	Form of Registration Rights Agreement
Exhibit H	Form of Put Agreement
Exhibit I	LLC Unit Formula
Exhibit J	Form of TCI Put Agreement

The preceding exhibits A, B and C have been omitted from this exhibit. The Company agrees to provide copies of such exhibits to the Commission upon request.

PURCHASE AND CONTRIBUTION AGREEMENT

THIS PURCHASE AND CONTRIBUTION AGREEMENT (this "Agreement") is entered into as of June 29, 1999, by and among BCI (USA), LLC, a Delaware limited liability company (the "General Partner"), and William J. Bresnan ("WBresnan"), Blackstone BC Capital Partners L.P., a Delaware limited partnership ("BBC"), Blackstone BC Offshore Capital Partners L.P., a Cayman Islands exempted limited partnership ("BBCO"), Blackstone Family Investment Partnership III L.P., a Delaware limited partnership ("BFI"), TCID of Michigan, Inc., a Nevada corporation ("TCID-MI") and TCI Bresnan LLC ("TCI LLC"), as Sellers, and Charter Communications Holding Company, LLC, a Delaware limited liability company ("Buyer").

RECITALS

The General Partner owns all of the general partnership interests in Bresnan Communications Company Limited Partnership, a Michigan limited partnership (the "Partnership"). The Sellers are each limited partners of the Partnership and own, in the aggregate, all of limited partnership interests in the Partnership. Buyer desires to acquire all the partnership interests in the Partnership, and the General Partner, WBresnan, BBC, BBCO, BFI, TCID-MI and TCI LLC (referred to collectively as the "Sellers" and individually as a "Seller") desire to sell and contribute to Buyer such partnership interests in the Partnership, in each case for the consideration and on the terms and conditions set forth in this Agreement.

AGREEMENTS

In consideration of the above recitals and of the mutual agreements and covenants contained in this Agreement, the parties to this Agreement, intending to be bound legally, agree as follows:

ARTICLE 1 CERTAIN DEFINITIONS

1.1 Terms Defined in this Section. The following terms, as used in this Agreement, have the meanings set forth in this Section:

"1992 Cable Act" means the Cable Television Consumer Protection and Competition Act of 1992, as amended, and the FCC rules and regulations promulgated thereunder, all as in effect from time to time.

"Acquisition Agreement Service Area" refers to the cable television systems to be acquired by the Partnership or the Subsidiaries under the Acquisition Agreements and means either (i) any geographic area in which the seller under any Acquisition Agreement provides cable television service and an Acquisition Agreement System Franchise is not required pursuant to applicable Legal Requirements, or (ii) with respect to an Acquisition Agreement System Franchise, the geographic area in which such seller is authorized to provide cable television service pursuant to such Acquisition Agreement System Franchise.

"Acquisition Agreement System Franchises" means all franchise agreements, operating permits or similar governing agreements, instruments, resolutions, statutes, ordinances, approvals, authorizations and permits obtained from any Franchising Authority in connection with the cable television systems to be acquired by the Partnership or the Subsidiaries under the Acquisition Agreements.

"Acquisition Agreements" means those binding agreements described on Schedule 3.17 pursuant to which the Partnership or a Subsidiary has agreed to acquire cable television systems and those non-binding expressions of intent to which the Partnership or a Subsidiary is a party as of the date of this Agreement pursuant to which the Partnership has indicated an intent to acquire cable television systems.

"Adjustment Time" means 11:59 p.m., Eastern time, on the day before the Closing Date.

"Affiliate" means, with respect to any Person, any other Person controlling, controlled by or under common control with the specified Person, where "control" means the ownership, directly or indirectly, of voting securities representing the right generally to elect a majority of the directors (or similar officials) of a Person or the possession, by contract or otherwise, of the authority to direct the management and policies of a Person.

"Basic Services" means the lowest tier of cable television service offered to subscribers of a Partnership System that includes the retransmission of local broadcast signals as defined by the Cable Act and the 1992 Cable Act.

"BCG S-4" means that Form S-4 Registration Statement filed with the SEC as of May 3, 1999 (File No. 333-77637) by Bresnan Communications Group LLC and Bresnan Capital Corporation.

"Business Day" means any day other than a Saturday, Sunday or a day on which the banking institutions in New York, New York are required or authorized to be closed.

"Cable Act" means the Cable Communications Policy Act of 1984, as amended, and the FCC rules and regulations promulgated thereunder, all as in effect from time to time.

"Charter Documents" means the articles or certificate of incorporation, bylaws, certificate of limited partnership, partnership agreement, certificate of formation, limited liability company operating agreement, articles of association, and similar charter documents, as applicable to any Person other than an individual.

"Closing" means the consummation of the purchase and sale of the Purchased Interests and the contribution of the Contributed Interests pursuant to this Agreement in accordance with the provisions of Article 7.

"Code" means the Internal Revenue Code of 1986, as amended, and the Treasury Regulations promulgated thereunder, all as in effect from time to time.

"Communications Act" means the Communications Act of 1934, as amended, and the FCC rules and regulations promulgated thereunder, all as in effect from time to time.

"Contract" means any contract, mortgage, deed of trust, bond, indenture, lease, license, note, franchise, certificate, option, warrant, right or other instrument, document, obligation or agreement, whether written or oral.

"Contribution Agreement" means the Contribution Agreement among the Partnership, TCID-MI and various of its Affiliates, predecessors of BBC, BBCO and BFI, WBresnan and predecessors of the General Partner, dated as of June 3, 1998, as amended on September 17, 1998, on February 2, 1999 and on the date of this Agreement.

"Copyright Act" means the Copyright Act of 1976, as amended and in effect from time to time.

"Corporate Office" means 709 Westchester Avenue, White Plains, New York 10604.

"Credit Facility" means the Loan Agreement dated as of February 2, 1999 among Bresnan Telecommunications Company LLC, the lenders party thereto and Toronto Dominion (Texas), Inc., as Administrative Agent for the lenders, and the Arranging Agents, Syndication Agent, Documentation Agents and Joint Book Managers and Joint Lead Arrangers, as further set forth therein, as it may be amended.

"Environmental Law" means any binding applicable Legal Requirement concerning the protection of the environment and public or employee health (to the extent relating to the environment), including Legal Requirements relating to emissions, discharges, releases or threatened releases of Hazardous Substances into the environment, air (including both ambient and within buildings and other structures), surface water, ground water or land or otherwise relating to the manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling of Hazardous Substances.

"Equity Agreements" means the Operating Agreement, the Exchange Agreement, the Registration Rights Agreement, the Put Agreement and the TCI Put Agreement.

"Equivalent Basic Subscribers" means, as of the Closing Date or any other date of determination and for each Partnership System, without duplication, the aggregate of all of the following that are receiving Basic Services provided by the Partnership Systems: (a) private residential customer accounts that are billed by the Partnership by individual unit (regardless of whether such accounts are in single family homes or in individually billed units in apartment houses and other multi-unit buildings, but exclusive of secondary outlets and courtesy accounts), each of which shall be counted as one "Equivalent Basic Subscriber"; and (b) all commercial, bulk-billed and other accounts not billed by individual unit, such as hotels, motels, apartment houses and multi-family homes, provided that the number of "Equivalent Basic Subscribers" serviced by each such account shall be deemed to be an amount equal to the quotient of (x) the aggregate monthly revenue for Basic Services and Expanded Basic Services derived by the Partnership Systems from such accounts, in each case for the last calendar month preceding the date of such determination, divided by (y) the standard monthly fees charged for the provision of Basic Service plus (for accounts receiving Expanded Basic Service) the standard monthly fees charged for the provision of Expanded Basic Service. In each case under clause (y) above, such standard monthly fees will be the fees charged to customers served in the same Service Area, as of the date of determination. Notwithstanding the foregoing, the term "Equivalent Basic Subscribers" shall not include any commercial, residential or other subscriber who (i) pays less than the standard rate (excluding bulk accounts) for Basic Services (other than as a result of discounts offered in the ordinary course of business), (ii) has not paid for one full month of service, or (iii) is more than 65 days delinquent from the date of billing on any amount due from such subscriber in excess of $10.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended, and the rules and regulations promulgated thereunder and published interpretations with respect thereto, all as in effect from time to time.

"ERISA Affiliate" means, with respect to any Person, a trade or business affiliated within the meaning of Sections 414(b), (c) or (m) of the Code.

"Exchange Agreement" means the Exchange Agreement by and among the parties named therein, containing the provisions set forth in Exhibit F hereto and such other provisions as contemplated in Section 5.16, which agreement shall, subject to Section 5.16, be executed and delivered on the Closing Date.

"Excluded Assets" means the Partnership Assets described on Schedule 5.9.

"Expanded Basic Services" means any CPS tier of any Partnership System designated as such in the rate filings of the Partnership.

"FCC" means the Federal Communications Commission.

"Franchising Authorities" means all Governmental Authorities that have issued or granted a System Franchise relating to the operation of a Partnership System.

"GAAP" means generally accepted accounting principles as in effect in the United States from time to time.

"General Partnership Interest" means the general partnership interest in the Partnership held by the General Partner.

"Governmental Authority" means the United States of America, any state, commonwealth, territory or possession of the United States of America and any political subdivision or quasi-governmental authority of any of the same, including any court, tribunal, department, commission, board, bureau, agency, county, municipality, province, parish or other instrumentality of any of the foregoing, and including any Franchising Authority.

"Hazardous Substances" means (a) any "hazardous waste" as defined by the Resource Conservation and Recovery Act of 1976 (RCRA) (42 U.S.C. Sections 6901 et seq.), as amended, and the rules and regulations promulgated thereunder, all as in effect from time to time; (b) any "hazardous substance" as defined by the Comprehensive Environmental Response, Compensation and Liability Act of 1980 (15 U.S.C. Sections 9601 et seq.) (CERCLA), as amended, and the rules and regulations promulgated thereunder, all as in effect from time to time; (c) any substance regulated by the Toxic Substances Control Act (TSCA) (15 U.S.C. Sections 2601 et seq.), or the Insecticide, Fungicide and Rodenticide Act (IFRA) (7 U.S.C. Sections 136 et seq.), each as amended, and the rules and regulations promulgated thereunder, all as in effect from time to time; (d) asbestos or asbestos-containing material of any kind or character; (e) polychlorinated biphenyls; (f) any substances regulated under the provisions of Subtitle I of RCRA relating to underground storage tanks; (g) any substance the presence, use, handling, treatment, storage or disposal of which on real property is prohibited by any Environmental Law; and (h) any other substance which by any Environmental Law requires special handling, reporting or notification of any Governmental Authority in its collection, storage, use, treatment or disposal.

"HSR Act" means the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended and the regulations promulgated by the Federal Trade Commission with respect thereto, all as in effect from time to time.

"Intellectual Property" means any (i) trademarks, trade dress, trade names, service marks, logos and other similar proprietary rights, (ii) domain names, (iii) copyrights and (iv) patents and patentable know-how, inventions and processes.

"Judgment" means any judgment, writ, order, injunction, award or decree of any court, judge, justice or magistrate, including any bankruptcy court or judge or the arbitrator in any binding arbitration, and any order of or by any Governmental Authority.

"Keepwell Agreement" means the letter agreement dated February 2, 1999 addressed to the 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.

"Knowledge" means, with respect to any Person, the actual knowledge of a particular matter of such Person, or if such Person is an entity, one or more of the principal corporate personnel of such Person, and, with respect to the General Partner, includes the actual knowledge of one or more of the executive vice presidents or more senior officers of the Partnership or regional vice presidents of the Partnership Systems.

"Leased Real Property" means all leasehold interests in real property that are held for use or used in connection with the Partnership's Business which the Partnership has, or acquires prior to Closing, including those described as Leased Real Property on Schedule 3.5.

"Legal Requirement" means applicable common law and any statute, ordinance, code or other law, rule, regulation, order, technical or other written standard, requirement, policy or procedure enacted, adopted, promulgated, applied or followed by any Governmental Authority, including any Judgment and all judicial decisions applying common law or interpreting any other Legal Requirement, in each case, as amended.

"Lien" means any security interest, any interest retained by the transferor under a conditional sale or other title retention agreement, mortgage, lien, pledge, option, encumbrance, adverse interest, constructive exception to, defect in or other condition affecting title or other ownership interest (including reservations, rights of entry, possibilities of reverter, encroachments, easements, rights-of-way, restrictive covenants, leases and licenses) of any kind, which constitutes an interest in or claim against property, whether arising pursuant to any Legal Requirement, System License, System Franchise, System Contract or otherwise.

"Limited Partnership Interests" means the limited partnership interests in the Partnership held by each of the Sellers.

"Litigation" means any written claim, action, suit, proceeding, arbitration or hearing that could result in a Judgment, or any written notice of such claim, action, suit, proceeding, arbitration or hearing.

"Loan Documents" means the Credit Facility and the Senior Indenture.

"Loan Document Liens" means Liens created by the Loan Documents in favor of the lenders or trustee thereunder.

"Material Adverse Effect" means a material adverse effect on (i) the Partnership Assets or the business, results of operations or financial condition of the Partnership, taken as a whole, but without giving effect to any effect resulting from changes in conditions (including economic conditions, changes in FCC regulations, or federal, state or local governmental actions, legislation or regulations) that are applicable to the economy or the cable television industry on a national, regional, state or local basis or any changes in technology or competition affecting the business of the Partnership Systems, or (ii) on the ability of any Seller to perform its obligations under this Agreement.

"MMDS" means multichannel multipoint distribution service.

"Multichannel Video Programming Distributor" or "MVPD" means a distributor of cable television services, MMDS, direct broadcast satellite service or television receive-only satellite programming, who makes available for purchase, by subscribers or customers, multiple channels of video programming, other than Persons distributing such services only to multiple dwelling unit or other commercial customers (including hotels, motels, resorts, hospitals, dormitories, prisons, restaurants, bars and similar establishments).

"Operating Agreement" means the limited liability company agreement of Buyer containing the provisions set forth in Exhibit E hereto and such other provisions as contemplated in Section 5.16, which agreement shall be executed and delivered on the Closing Date.

"Other Intangibles" means all intangible assets other than System Franchises, System Licenses and System Contracts, including subscriber lists, accounts receivable, claims, patents, and copyrights that are owned, held for use or used in connection with the Partnership's Business and in which the Partnership has, or acquires prior to Closing, any right, title or interest.

"Other Real Property Interests" means all easements and rights of access (other than those relating to multiple dwelling units) and other interests in real property that are held for use or used in connection with the Partnership's Business and in which the Partnership has, or acquires prior to Closing, any right, title or interest, including those interests described as Other Real Property Interests on Schedule 3.5, but not including Leased Real Property or Owned Real Property.

"Owned Real Property" means all fee interests in real property that are held for use or used in connection with the Partnership's Business which the Partnership owns, or acquires prior to Closing, including those described as Owned Real Property on Schedule 3.5 and all improvements thereon.

"Partnership Agreement" means the Bresnan Communications Company Limited Partnership Amended and Restated Limited Partnership Agreement dated as of February 2, 1999, as it may be amended prior to the Closing.

"Partnership Assets" means all assets, properties, privileges, rights, contracts, licenses, permits, interests and claims, real and personal, tangible and intangible, of every type and description that are owned, leased, held for use or used in connection with the Partnership's Business and in which the Partnership or any Subsidiary has any right, title or interest or acquires any right, title or interest on or before the Closing, including Tangible Personal Property, Owned Real Property, Leased Real Property, Other Real Property Interests, System Franchises, System Licenses, System Contracts, and Other Intangibles.

"Partnership Systems" means the cable television systems owned and operated by the Partnership or any Subsidiary or any combination of any of them, each of which may be referred to herein individually as a "Partnership System."

"Partnership's Budget" means the budget for the Partnership's Business for the period and in the form attached hereto as Schedule 5.2-II, as the same may be supplemented or modified by the Partnership with Buyer's consent, which consent will not be unreasonably withheld, conditioned or delayed; except that Buyer's consent will not be required if the Partnership's proposed supplement or modification to the Partnership's Budget (i) would not, in the aggregate after giving effect to the cumulative effect of supplements and modifications, increase the Partnership's gross annual expenses by more than 3% or (ii) reflects the consummation of any Acquisition Agreement, provided that the modification resulting from such consummation is made in a manner consistent with past practices.

"Partnership's Business" means the cable television business and all related and ancillary businesses and all other businesses conducted by the Partnership or any Subsidiary, whether conducted through the Partnership Systems or otherwise.

"Pay TV" means a la carte tiers or premium programming services selected by and sold to subscribers on a per channel or per program basis.

"Permitted Lien" means any (a) Lien securing Taxes, assessments and governmental charges not yet due and payable, (b) zoning law or ordinance or any similar Legal Requirement, (c) right reserved to any Governmental Authority to regulate the affected property, (d) as to Owned Real Property and Other Real Property Interests, any easement, right of way, condition, covenant, restriction or imperfection of title that does not individually or in the aggregate interfere with the right or ability to own, use or operate the Owned Real Property or Other Real Property Interests as they are being used or operated or to convey good and marketable title to such Owned Real Property or Other Real Property Interests, (e) in the case of Owned Real Property and Leased Real Property, any lease or sublease by the Partnership in favor of a third party that is disclosed in the Schedules to this Agreement, (f) in the case of Leased Real Property, the rights of any lessor and any Lien granted by any lessor of Leased Real Property which do not, individually or in the aggregate with any other such Liens, materially interfere with the Partnership's or any Subsidiary's use of such Leased Real Property, (g) any inchoate materialmen's, mechanics', workmen's, repairmen's or other like Liens arising in the ordinary course of business, (h) the Loan Document Liens, (i) Liens described on Schedule 3.3(a), (j) the transfer restrictions created by the Partnership Agreement in favor of the partners thereunder, and (k) recorded exceptions included in any title policy that relates to Owned Real Property that is listed on Schedule 3.5 and was delivered to Buyer prior to execution of this Agreement; provided that "Permitted Lien" will not include any Lien securing a debt (other than the Loan Document Liens) or any Lien that could prevent or impair in any way the conduct of the business of the affected Partnership System as it is currently being conducted.

"Person" means any natural person, Governmental Authority, corporation, general or limited partnership, limited liability company, joint venture, trust, association or unincorporated entity of any kind.

"Proportionate Interest" with respect to each Seller means the percentage set forth in Exhibit A, which Exhibit may be attached or amended by the Sellers, in their discretion, at any time prior to Adjustment Time, provided that the sum of the Proportionate Interests for all Sellers shall equal 100%.

"Put Agreement" means each Put Agreement by and among the parties named therein, substantially in the form of Exhibit H hereto, which agreement shall be executed and delivered as set forth in Section 5.16(d).

"Registration Rights Agreement" means the Registration Rights Agreement by and among the parties named therein, substantially in the form of Exhibit G hereto, which agreement shall be executed and delivered on the Closing Date.

"Required Consents" means the consents, permits, approvals and authorizations of Governmental Authorities and other Persons, and filings, notices, and applications with Governmental Authorities and other Persons, necessary to transfer lawfully the Purchased Interests and the Contributed Interests to Buyer or otherwise to consummate lawfully the transactions contemplated by this Agreement.

"Scheduled Subscribers" means for each Service Area and each Acquisition Agreement Service Area, the approximate number of Equivalent Basic Subscribers served as of a date certain, as set forth on Schedule 6.1.

"SEC" means the United States Securities and Exchange Commission.

"Senior Indenture" means the Indenture dated as of February 2, 1999, among Bresnan Communications Group LLC ("BCG"), Bresnan Capital Corporation ("BCC") and State Street Bank and Trust Company, as trustee, pursuant to which BCG and BCC issued their 8% Senior Notes due 2009 and 9-1/4% Senior Discount Notes due 2009.

"Service Area" means either (i) any geographic area in which the Partnership or its Subsidiaries provides cable television service and a System Franchise is not required pursuant to applicable Legal Requirements, or (ii) with respect to any System Franchise, the geographic area in which the Partnership is authorized to provide cable television service pursuant to such System Franchise.

"SSI Supply Agreement" means the Satellite Services, Inc. Programming Supply Agreement, between Bresnan Telecommunications Company LLC and Satellite Services, Inc., as applicable to the Partnership's Business on the date of this Agreement, and as may be amended prior to Closing.

"Subsidiary" means Bresnan Telecommunications Company LLC, Bresnan Public Corporation, Bresnan Telephone of Michigan L.L.C., Bresnan Telephone of Minnesota, L.L.C., Bresnan Communications Group LLC, or Bresnan Capital Corporation, as the context may require.

"System Contracts" means all pole line agreements, underground conduit agreements, crossing agreements, multiple dwelling, bulk billing or commercial service agreements, leased channel access agreements, retransmission consents, lease agreements for tangible personal property and other Contracts (other than System Franchises and System Licenses) held for use or used in connection with the Partnership's Business and to which the Partnership or a Subsidiary is, or becomes prior to Closing, a party or bound, including those described on Schedule 3.4.

"System Franchises" means all franchise agreements, operating permits or similar governing agreements, instruments, resolutions, statutes, ordinances, approvals, authorizations and permits obtained from any Franchising Authority in connection with the Partnership's Business, including those listed on Schedule 3.4, including all amendments and modifications thereto and all renewals thereof.

"System Licenses" means the intangible cable television channel distribution rights, cable television relay service (CARS), business radio and other licenses, earth station registrations, copyright notices and other licenses, authorizations, consents or permits issued by the FCC or any other Governmental Authority in connection with the Partnership's Business (other than System Franchises, System Contracts and Other Real Property Interests), including those described on Schedule 3.4.

"Tangible Personal Property" means all tangible personal property that is owned, leased, held for use or used in connection with the Partnership's Business and in which the Partnership has, or acquires prior to Closing any right, title or interest, including towers, tower equipment, aboveground and underground cable, distribution systems, headend amplifiers, line amplifiers, microwave equipment, converters, testing equipment, motor vehicles, office equipment, computers and billing equipment, furniture, fixtures, supplies, inventory and other physical assets, the material items of which, including all motor vehicles, are described on Schedule 3.3(b).

"Tax" or "Taxes," as the context may require, include any income, alternative or add-on minimum tax, gross income, gross receipts, franchise, profits, sales, use, ad valorem, business license, withholding, payroll, employment, excise, stamp, transfer, recording, occupation, premium, property, value added, custom duty, severance, windfall profit or license tax, governmental fee, including estimated taxes relating to any of the foregoing, or other similar tax or other like assessment or charge of similar kind whatsoever together with any interest and any penalty, addition to tax or additional amount imposed by any Governmental Authority responsible for the imposition of any such Tax.

"Tax Returns" means any tax return, declaration of estimated tax, tax report or other tax statement, or any other similar filing, including any schedule or attachment thereto, and including any amendment thereof, required to be submitted to any Governmental Authority with respect to any Tax.

"TCI Put Agreement" means each TCI Put Agreement by and among the parties named therein, substantially in the form of Exhibit J hereto, which agreement shall be executed and delivered on the Closing Date.

"Transferable Service Area" means a Service Area or an Acquisition Agreement Service Area with respect to which: (a) no franchise or similar authorization is required for the provision of cable television service in such Service Area or Acquisition Agreement Service Area, (b) no Required Consent is necessary for the transfer of control of any System Franchise or Acquisition Agreement System Franchise for such Service Area or Acquisition Agreement Service Area in connection with the consummation of the transactions contemplated by this Agreement, (c) if a Required Consent is necessary for the transfer of control of any System Franchise or Acquisition Agreement System Franchise for such Service Area or Acquisition Agreement Service Area in connection with the consummation of the transactions contemplated by this Agreement (including any expired System Franchise or Acquisition Agreement System Franchise), an effective consent or approval has been obtained (or shall have been deemed obtained by operation of law in accordance with the provisions of the Cable Act) without the imposition of any condition or any modification that in either case makes, or is reasonably likely to make, the underlying System Franchise or Acquisition Agreement System Franchise materially more onerous or materially reduces in any respect, or is reasonably likely to materially reduce in any respect, the benefits available under the System Franchise or Acquisition Agreement System Franchise in respect of which the Required Consent relates (except, in each case, as approved by Buyer) or (d) if a Required Consent is necessary for the transfer of control of any System Franchise or Acquisition Agreement System Franchise for such Service Area or Acquisition Agreement Service Area in connection with the consummation of the transactions contemplated by this Agreement, the applicable franchising authority does not expressly reject a request for approval to transfer such System Franchise or Acquisition Agreement System Franchise within 120 days after the due and proper submission of a completed Form 394 to such Franchising Authority (plus such extensions of time as are mutually agreed upon by Buyer and Sellers); provided that, with respect to any expired System Franchise or Acquisition Agreement System Franchise for which the Franchising Authority has not granted continuing operation authority to the Partnership or applicable Subsidiary and pursuant to which consent was not required prior to its expiration, the corresponding Service Area or Acquisition Agreement Service Area shall not be a Transferable Franchise Area unless and until the applicable Franchising Authority has either (i) consented to the consummation of the Transactions contemplated by this Agreement, or (ii) renewed such System Franchise or Acquisition Agreement System Franchise.

"Transaction Documents" means this Agreement, and the other documents, agreements, certificates and other instruments to be executed, delivered and performed by the parties in connection with the transactions contemplated by this Agreement.

"Units" means common membership interests in Buyer, with the rights and limitations set forth in the Operating Agreement.

"Upset Date" means May 1, 2000.

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
Adjustment Assets	Section 2.3(a)(1)
Adjustment Escrow Agent	Section 2.4(b)(1)
Adjustment Escrow Agreement	Section 2.4(b)(1)
Adjustment Escrow Amount	Section 2.4(b)(1)
Adjustment Liabilities	Section 2.3(a)(2)
Agreement	First Paragraph
Antitrust Division	Section 5.6
Auditor	Section 2.5(a)(2)
BBC	First Paragraph
BBCO	First Paragraph
BCI	Section 5.12
BFI	First Paragraph
Bresnan Plan	Section 5.12
Buyer	First Paragraph
Capital Expenditures	Section 2.3(d)
CCH S-4	Section 4.12(a)
Charter Holdings Value	Section 2.1(b)
Closing Date	Section 7.1
commercially reasonable efforts	Section 9.14
Confidential Information	Section 5.4(a)
Contributed Interest	Section 2.1(b)
Disclosure Letter	Section 1.3
Equity Consideration	Section 2.1(b)
Estimated Purchase Price	Section 2.4(a)
Excluded Rights	Section 5.9(e)

Final Closing Statement	Section 2.5(a)(1)
Final Purchase Price	Section 2.5(b)(1)(A)
FTC	Section 5.6
General Partner	First Paragraph
Partnership	First Paragraph
Partnership ERISA Affiliates	Section 3.12(b)
Partnership Plans	Section 3.12(b)
Partnership's Financial Statements	Section 3.9
Pending Buyer Acquisitions	Section 4.11
Preliminary Closing Statement	Section 2.4
Preliminary Purchase Price	Section 2.4(b)(2)
PublicCo	Section 5.16(c)
Purchase Guaranty	Section 9.12
Purchase Price	Section 2.2
Purchased Interests	Section 2.1
reasonable commercial efforts	Section 9.14
Seller	Recitals
Shared Reduction Amount	Section 2.3(a)
Subscriber Adjustment	Section 2.3(b)
Subscriber Shortfall	Section 2.3(b)
Subscriber Threshold	Section 2.3(b)
Subsequent Buyer Acquisition	Section 5.15
Successor Plan	Section 5.12
TCI LLC	First Paragraph
TCID-MI	First Paragraph
Vulcan Puts	Section 5.16(d)
WARN Act	Section 3.12(a)
WBresnan	First Paragraph

1.3 Rules of Construction. Words used in this Agreement, regardless of the gender and number specifically used, shall be deemed and construed to include any other gender and any other number as the context requires. As used in this Agreement, the word "including" is not limiting, and the word "or" is not exclusive. Except as specifically otherwise provided in this Agreement in a particular instance, a reference to a Section is a reference to a Section of this Agreement, a reference to an Exhibit is a reference to an Exhibit to this Agreement, a reference to a Schedule is a reference to a Schedule to that Disclosure Letter delivered on the date of this Agreement (the "Disclosure Letter"), and the terms "hereof," "herein," and other like terms refer to this Agreement as a whole, including the Schedules and the Exhibits to this Agreement, and not solely to any particular part of this Agreement. The descriptive headings in this Agreement are inserted for convenience of reference only and are not intended to be part of or to affect the meaning or interpretation of this Agreement. Any reference in this Agreement to a "day" or a number of "days" (without the explicit qualification of Business) will 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 will be deferred until, or may be taken or given on, the next Business Day.

ARTICLE 2 SALE AND PURCHASE OF PURCHASED INTERESTS; PURCHASE PRICE

2.1 Sale and Purchase of Purchased Interests; Contribution of Contributed Interests.

(a) Subject to the terms and conditions set forth in this Agreement, each Seller hereby agrees to sell, transfer, and deliver to Buyer at the Closing, and Buyer hereby agrees to purchase at the Closing, the partnership interests specified below (the "Purchased Interests"), free and clear of all Liens:

(1) from the General Partner, the entire General Partnership Interest; and

(2) from each Seller, that portion of its Limited Partnership Interest that is not represented by a Contributed Interest.

(b) TCI LLC agrees to contribute to Buyer all of its Limited Partnership Interest, and each other Seller agrees to contribute to Buyer a portion of its Limited Partnership Interest, in each case free and clear of all Liens and subject to the Legal Requirements (each such contributed Limited Partnership Interest, a "Contributed Interest"). The aggregate interest in the Partnership represented by the Contributed Interests will be a fraction, the numerator of which is $1,000,000,000 plus the Shared Reduction Amount, if any, and the denominator of which is $3,100,000,000, as adjusted pursuant to Section 2.3 plus the Shared Reduction Amount, if any. The percentage of each Seller's (other than TCI LLC's) Limited Partnership Interest represented by the Contributed Interest shall be set forth in a written notice delivered to Buyer at least two days prior to Closing. In exchange for such contribution to Buyer, each Seller shall receive Units in Buyer (the "Equity Consideration"). The number of Units issued to Sellers will be calculated as set forth on Exhibit I. For purposes of this Section 2.1, if the Adjustment Assets exceed the Adjustment Liabilities, the

"Shared Reduction Amount" will be zero, and otherwise, the "Shared Reduction Amount" will equal one-half of the difference between the Adjustment Liabilities and the Adjustment Assets, as calculated on the Preliminary Closing Statement, provided that the Shared Reduction Amount shall in no event be greater than $15,000,000.

2.2 Purchase Price for Purchased Interests. Buyer shall pay and deliver to the Sellers, by wire transfer of immediately available funds to one or more accounts of the Sellers, as designated in writing by the Sellers not later than the Business Day before Closing, as consideration for the sale of the Purchased Interests an aggregate amount in cash equal to $2,100,000,000, subject to adjustment as provided in Section 2.3 (the "Purchase Price") and subject to the provisions of Sections 2.4 and 2.5. Buyer shall have no liability or obligation arising from its allocation of the Purchase Price among the Sellers, provided that Buyer complies with the written instructions of the Sellers provided under the preceding sentence.

2.3 Adjustments to Purchase Price.

(a) Working Capital Adjustment. The Purchase Price shall be increased by the amount of the Adjustment Assets as of the Adjustment Time and shall be decreased by the Adjustment Liabilities as of the Adjustment Time.

(1) Subject to the other provisions of this Section 2.3(a), "Adjustment Assets" means the sum of: (A) cash and cash equivalents (but only to the extent such cash is held by the Partnership and the Subsidiaries at the Closing), (B) Eligible Accounts Receivable net of any credit balances owed to cable television subscribers of the Partnership Systems, (C) Prepaid Expenses, (D) Deposits, and (E) Other Current Assets, in each case of clauses (A) through (E) computed for the Partnership and the Subsidiaries as of the Adjustment Time on a consolidated basis and without duplication in accordance with GAAP applied on a basis consistent with the preparation of the Partnership's Financial Statements.

(I) "Eligible Accounts Receivable" means the face amount of all Subscriber Accounts Receivable that are 60 or fewer days past due as of the Adjustment Time, all Advertising Accounts Receivable that are 120 days or fewer past due as of the Adjustment Time and all other accounts receivable. No Subscriber Accounts Receivable that are more than 60 days past due and no Advertising Accounts Receivable that are more than 120 days past due will be included in Eligible Accounts Receivable.

(II) "Subscriber Accounts Receivable" means accounts receivable of the Partnership and the Subsidiaries (excluding Advertising Accounts Receivable) resulting from the provision of cable television service by the Partnership Systems to active subscribers as of the Adjustment Time and that relate to periods prior to the Adjustment Time. For purposes of making "past due" calculations to determine whether Subscriber Accounts Receivable are Eligible Accounts Receivable, the subscriber billing statements will be deemed to be due and payable on the first day of the period during which the service to which such billing statements relate is provided.

(III) "Advertising Accounts Receivable" means accounts receivable of the Partnership and the Subsidiaries resulting from advertising on a Partnership System or another cable television system sold either directly by the Partnership and the Subsidiaries or by an ad sales representative or an advertising agency of the Partnership and the Subsidiaries or through an advertising interconnect partnership or otherwise. For purposes of making "past due" calculations to determine whether Advertising Accounts Receivable are Eligible Accounts Receivable, invoices will be deemed to be due and payable upon date of invoice.

(IV) "Prepaid Expenses" means the book value of prepaid expenses of the Partnership and the Subsidiaries (but only to the extent constituting a current asset and only to the extent that such prepaid expenses will accrue to the benefit of the Partnership and the Subsidiaries upon and after the Adjustment Time).

(V) "Deposits" means all monies which are on deposit with third parties as of the Adjustment Time for the account of the Partnership or the Subsidiaries or as security for the performance of their respective obligations, including deposits on real property leases and deposits for utilities that will accrue to the benefit of the Partnership or the Subsidiaries upon and after the Adjustment Time.

(VI) "Other Current Assets" means all other current assets of the Partnership and the Subsidiaries; provided, however, notwithstanding any provision of this Agreement to the contrary, Adjustment Assets shall not include inventory or accounts receivable that are not Eligible Accounts Receivable.

(2) Subject to the other provisions of this Section 2.3(a), "Adjustment Liabilities" means the sum of: (A) Accounts Payable, (B) Subscriber Prepayments and Deposits, (C) Deferred Revenue, and (D) Other Current Liabilities, in each case of clauses (A) through (D) computed for the Partnership and the Subsidiaries as of the Adjustment Time on a consolidated basis and without duplication in accordance with GAAP applied on a basis consistent with the preparation of the Partnership's Financial Statements.

(I) "Accounts Payable" means the book value of all accounts payable of the Partnership and the Subsidiaries.

(II) "Subscriber Prepayments and Deposits" means the sum of (1) all outstanding deposits of subscribers of the Partnership Systems for converters, decoders and similar items (and, if required to be paid to such subscribers, accrued interest thereon), and (2) all payments received by the Partnership and the Subsidiaries prior to the Adjustment Time for services to be rendered to subscribers of the Partnership Systems after the Adjustment Time.

(III) "Deferred Revenue" means liabilities to subscribers representing advance billings for services to be performed by the Partnership and the Subsidiaries after the Adjustment Time.

(IV) "Other Current Liabilities" means all other current liabilities of the Partnership and the Subsidiaries, including accrued expenses.

(3) For purposes of making the adjustments pursuant to this Section 2.3(a), revenues and expenses shall be treated as prepaid or accrued so as to reflect the principle that revenues and expenses will be prorated so that the revenues and expenses attributable to the period prior to the Adjustment Time shall be for the account of Sellers and the revenues and expenses attributable to the period after the Adjustment Time shall be for the account of Buyer.

(b) Subscriber Adjustment. The Purchase Price shall be decreased by the dollar amount equal to the product of (1) the Subscriber Shortfall multiplied by (2) $4,492 (such decrease, the "Subscriber Adjustment"). For purposes of this Agreement, the "Subscriber Shortfall" equals the number, if any, by which the total number of Equivalent Basic Subscribers for all of the Partnership Systems as of the Adjustment Time (as adjusted in accordance with the following sentence) is less than 665,850. If any Acquisition Agreement remains pending but not yet consummated prior to the Adjustment Time, then (i) the number of Equivalent Basic Subscribers of cable television systems that the Partnership intends to acquire by such Acquisition Agreement, as set forth on Schedule 3.17, will solely for purposes of this Section 2.3(b) be deemed to be Equivalent Basic Subscribers of the Partnership Systems as of the Adjustment Time and (ii) the Partnership debt, for purposes of Section 2.3(c), will be deemed to be increased on a pro forma basis by the purchase price under such Acquisition Agreement.

(c) Debt Adjustment. The Purchase Price shall be decreased by the sum of (1) all obligations of the Partnership and the Subsidiaries for borrowed money (including all accrued and unpaid interest unless otherwise taken into account in Section 2.3(a)) under the Loan Documents and under any bonds, debentures, notes, indentures, mortgages, or similar instruments to which the Partnership or any of the Subsidiaries are a party or by which any of them are bound, (2) all capital lease obligations of the Partnership and the Subsidiaries and (3) any other non-current liabilities (other than deferred taxes, launch support payments and other items that do not reflect a cash obligation of the Partnership), each as calculated as of the Closing Date in accordance with GAAP.

(d) Adjustment for Capital Expenditures. (1) The Purchase Price shall be decreased by the amount (if any) by which $73,467,300 exceeds the amount of Capital Expenditures. "Capital Expenditures" shall mean capital expenditures made by the Partnership and the Subsidiaries on a consolidated basis between January 1, 1999 and the Closing in connection with the upgrade or rebuild of plant, headend consolidation or system interconnection, data services equipment, reverse activation and any other expenditures approved in writing by Buyer plus the cost of inventory acquired by the Partnership during such period for use in connection with any of the foregoing, but which costs have not yet been accounted for as a capital expenditure (to reflect the principle that all adjustments be made without duplication).

(2) The Purchase Price shall be increased by the amount of any Capital Expenditures incurred with respect to capital projects that are not contemplated in the Partnership's

Budget, provided that Buyer provides express prior written consent (in its sole and absolute discretion) to the incurrence of such Capital Expenditures.

2.4 Payment at Closing.

(a) No later than ten Business Days prior to the date scheduled for the Closing, the General Partner, in its capacity as the representative of the Sellers, shall prepare and deliver to Buyer a written report in reasonable detail (the "Preliminary Closing Statement") setting forth the Sellers' estimate of the Purchase Price, as determined in accordance with this Article 2. The Preliminary Closing Statement shall be prepared by the General Partner in its capacity as the representative of the Sellers in good faith and shall be certified by the General Partner, in such capacity, to be its good faith estimate of the Purchase Price and the other amounts set forth therein as of the date thereof. The Preliminary Closing Statement will be accompanied by appropriate documentation supporting the amounts set forth therein and such additional information as Buyer shall reasonably request relating to the matters set forth in the Preliminary Closing Statement. The Sellers shall provide to Buyer reasonable access, upon reasonable notice, to all records in their possession for purposes of verification of the Preliminary Closing Statement. The Purchase Price to be delivered at the Closing shall be determined on the basis of the Preliminary Closing Statement, with any changes thereto mutually agreed to by the Sellers and Buyer (the "Estimated Purchase Price").

(b) At Closing, Buyer shall pay cash as follows:

(1) Buyer shall pay cash to Chase Manhattan Bank or other escrow agent mutually satisfactory to the parties (the "Adjustment Escrow Agent") in an amount equal to $10,000,000 (the "Adjustment Escrow Amount"), such cash to be held by the Adjustment Escrow Agent in escrow on behalf of the parties substantially in accordance with the terms of the escrow agreement attached as Exhibit D (the "Adjustment Escrow Agreement") and Section 2.5;

(2) Buyer shall pay cash to Sellers in an aggregate amount equal to the excess of (i) the Estimated Purchase Price over (ii) the Adjustment Escrow Amount (such excess, the "Preliminary Purchase Price").

(c) None of the Adjustment Escrow Amount will be available for any purpose, other than as described in Section 2.5(b), and the Adjustment Escrow Amount shall not be available to satisfy any other obligations of Sellers under this Agreement or otherwise.

2.5 Post-Closing Purchase Price Adjustments.

(a) Final Closing Statement.

(1) Within 90 days after the Closing Date, the Sellers shall prepare and deliver to Buyer a written report (the "Final Closing Statement") setting forth the Sellers' final

estimate of the Purchase Price, as determined in accordance with this Article 2. The Final Closing Statement shall be prepared by the General Partner, in its capacity as the representative of the Sellers, in good faith and shall be certified by the General Partner, in such capacity, to be its good faith estimate of the Purchase Price and the other amounts set forth therein as of the date thereof. The Final Closing Statement will be accompanied by appropriate documentation supporting the amounts set forth therein and such additional information as Buyer shall reasonably request relating to the matters set forth in the Final Closing Statement. The Sellers and Buyer will each provide to the other reasonable access, upon reasonable notice, to all records in its possession for purposes of the preparation and verification of the Final Closing Statement.

(2) Within 30 days after the date that the Final Closing Statement is delivered by the Sellers to Buyer, Buyer shall complete its examination thereof and may deliver to the Sellers a written report setting forth any proposed adjustments to any amounts set forth in the Final Closing Statement. If Buyer notifies the Sellers of Buyer's acceptance of the amounts set forth in the Final Closing Statement, the amounts set forth in the Final Closing Statement shall be conclusive, final, and binding on the parties as of the date of such notification. If Buyer fails to deliver its report of any proposed adjustments within the 30-day period specified in the preceding sentence, the amounts set forth in the Final Closing Statement shall be conclusive, final, and binding on the parties as of the last day of such 30-day period. Buyer and the Sellers shall use good faith efforts to resolve any dispute involving the amounts set forth in the Final Closing Statement. If the Sellers and Buyer fail to agree on any amount set forth in the Final Closing Statement within 10 days after the Sellers receive Buyer's report pursuant to this Section 2.5(a), the disputed amounts will be determined within the following 30-day period by Ernst & Young (the "Auditor"). The Auditor shall endeavor to resolve the dispute as promptly as practicable and such auditor's resolution of the dispute shall be final and binding on the parties, and a judgment may be entered thereon in any court of competent jurisdiction. All of the costs and expenses of the Auditor and its services rendered pursuant to this Section 2.5 shall be borne by Buyer, on the one hand, and Sellers, on the other hand, as nearly as possible in the proportion to the amount by which the determination of all matters related to such costs and expenses varies from the positions of Buyer and the Sellers, respectively, on all such matters.

(b) Payment of Purchase Price Adjustments.

(1) After final determination of all amounts (including resolution of disputed amounts under Section 2.5(a)(2)), payments shall be made as follows:

(A) If the amount of the Purchase Price as determined pursuant to Section 2.5(a) ("Final Purchase Price") exceeds the Preliminary Purchase Price, then within three Business Days after the date the amount of the Final Purchase Price is determined, (i) Buyer and the Sellers shall direct the Adjustment Escrow Agent to pay to Sellers the amount of such excess (not to exceed the amounts on deposit in the Adjustment Escrow Account), and (ii) Buyer and the Sellers shall direct the Adjustment Escrow Agent to pay to Buyer the balance (if any) in the Adjustment Escrow Account. To the extent that the Final Purchase Price exceeds the Preliminary Purchase Price by more than the amount on deposit in the Adjustment Escrow Account, Buyer shall pay the remainder of the Final Purchase Price to Sellers within such three Business Day period.

(B) If the amount of the Preliminary Purchase Price exceeds the Final Purchase Price, then within three business days after the date on which the amount of the Final Purchase Price is determined, (i) Buyer and the Sellers shall direct the Adjustment Escrow Agent to pay to Buyer in cash all amounts remaining in the Adjustment Escrow Account and (ii) Sellers will pay to Buyer in cash an amount equal to the excess of the Preliminary Purchase Price exceeds the Final Purchase Price.

(2) All payments to be made to the Sellers pursuant to this Section 2.5(b) shall be paid by wire or accounts transfer of immediately available funds to the accounts designated by the Sellers by written notice to Buyer. All payments to be made to Buyer pursuant to this Section 2.5(b) shall be paid by wire or accounts transfer of immediately available funds to one or more accounts designated by Buyer by written notice to the Sellers. Buyer shall have no liability or obligation arising from its allocation among the Sellers of payments made to the Sellers pursuant to this Section 2.5(b), provided that Buyer complies with the written instructions of the Sellers provided under the preceding sentence.

ARTICLE 3 REPRESENTATIONS AND WARRANTIES OF THE SELLERS

Each Seller represents and warrants, to the extent set forth in Section 9.11(b) and not jointly and severally, to Buyer as follows:

3.1 Organization and Ownership of Partnership.

(a) The Partnership is a limited partnership duly formed, validly existing, and in good standing under the laws of the jurisdiction of its formation and has the requisite partnership power and authority to own, lease, and operate its properties and assets and to carry on its business in the places where such properties and assets are now owned, leased, or operated. The Partnership and each of its Subsidiaries is duly qualified and in good standing in all jurisdictions in which the ownership or leasing of the Partnership Assets owned or leased by it or the nature of its activities in connection with the Partnership's Business makes such qualification necessary and in which failure to so qualify would, individually or in the aggregate, have a Material Adverse Effect.

(b) The General Partner holds of record and owns beneficially, and as of the Closing will hold of record and own beneficially, a 1.0% General Partnership Interest, free and clear of all Liens. Each Seller holds of record and owns beneficially, and as of the Closing will hold of record and own beneficially, its respective Limited Partnership Interest, free and clear of all Liens, and the percentage interest of such Seller is as set forth on Schedule 3.1.

(c) Except for this Agreement and the Partnership Agreement, such Seller (1) is not party to, and has not granted to any other Person, any options, warrants, subscription rights,

rights of first refusal or any other rights providing for the acquisition or disposition of partnership interests or other equity interests in the Partnership, and (2) is not a party to any voting agreement, voting trust, proxy or other agreement or understanding with respect to the voting of any of the Purchased Interests or the Contributed Interests.

(d) The Partnership owns, directly or indirectly, all of the equity interests in each Subsidiary, free and clear of all Liens other than the Liens described on Schedule 3.1.

3.2 Authorizations; No Conflict; Required Consents.

(a) Such Seller has the requisite power and authority to execute, deliver and perform this Agreement and the other Transaction Documents to which such Seller is a party according to their respective terms. The execution, delivery, and performance by such Seller of this Agreement and the other Transaction Documents to which such Seller is a party have been duly authorized by all necessary action on the part of such Seller. This Agreement and the other Transaction Documents to which such Seller is a party have been duly executed and delivered by such Seller (or, in the case of Transaction Documents to be executed and delivered at Closing, when executed and delivered will be duly executed and delivered) and constitute (or, in the case of Transaction Documents to be executed and delivered at Closing, when executed and delivered will constitute) the legal, valid, and binding obligation of such Seller, enforceable against such Seller in accordance with their terms, except as the enforceability of this Agreement and such other Transaction Documents 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.

(b) Except as described on Schedule 3.2, the execution and delivery by such Seller, the performance by such Seller under, and the consummation of the transactions contemplated by, this Agreement (other than the transactions described in Section 5.17) and the Transaction Documents to which such Seller is a party do not and will not: (a) conflict with or violate any provision of the Charter Documents of such Seller; (b) violate in any material respect any provision of any Legal Requirement applicable to such Seller; (c) require any material consent, approval or authorization of, or filing of any certificate, notice, application, report or other document with, any Governmental Authority or other Person; or (d) (i) materially conflict with, result in a material breach of or constitute a material default under (without regard to requirements of notice, lapse of time or elections of other Persons or any combination thereof), (ii) permit or result in the termination, suspension or material modification of, (iii) result in the material acceleration of (or give any Person the right to accelerate) the performance of such Seller under, or (iv) result in the creation or imposition of any Lien upon the Purchased Interest or Contributed Interest held by such Seller under, any Contract or other instrument by which such Seller or any of its assets is bound or affected.

(c) Except as described on Schedule 3.2, the execution and delivery by such Seller, the performance by such Seller under, and the consummation of the transactions contemplated by, this Agreement (other than the transactions described in Section 5.17) and the Transaction Documents do not and will not: (a) conflict with or violate any provision of the Charter Documents of the Partnership or any Subsidiary; (b) violate in any material respect any provision of any Legal Requirement applicable to the Partnership or any Subsidiary; (c) require any material consent, approval or authorization of, or filing of any material certificate, notice, application, report or other document with, any Governmental Authority or other Person; or (d) (i) materially conflict with, result in a material breach of or constitute a material default under (without regard to requirements of notice, lapse of time or elections of other Persons or any combination thereof), (ii) permit or result in the termination, suspension or material modification of, (iii) result in the material acceleration of (or give any Person the right to accelerate) the performance of the Partnership or any Subsidiary under, or (iv) result in the creation or imposition of any material Lien upon any of the Partnership Assets under, any System Franchise, material System License or any material System Contract by which the Partnership, any Subsidiary or any of the Partnership Assets is bound or affected.

3.3 Partnership Assets.

(a) The Partnership or a Subsidiary has good and valid title to (or, in the case of the Partnership Assets that are leased, valid leasehold interests in) the Partnership Assets (other than Owned Real Property, Leased Real Property and Other Real Property Interests, as to which representations and warranties in Section 3.5 apply). The Partnership Assets are free and clear of all Liens, except Permitted Liens.

(b) Except as set forth on Schedule 3.3(b), the Partnership Assets include substantially all of the assets necessary to permit the Partnership to conduct the Partnership's Business substantially as it is being conducted and operated on the date of this Agreement and to operate the Partnership Systems in material compliance with all Legal Requirements. The Sellers have previously delivered to Buyer a list of the material items of Tangible Personal Property. Except as described on Schedule 3.3(b), the material Tangible Personal Property is in operating condition and repair (ordinary wear and tear excepted) and is suitable for continued use in the manner in which it is presently being used.

3.4 System Franchises, System Licenses, and System Contracts.

(a) Except as described on Schedules 3.4 or 3.5, neither the Partnership nor any Subsidiary is bound or affected by any of the following: (i) any material lease of real property; (ii) any material lease of personal property that will remain effective for more than one year after Closing or requiring payments by the Partnership or any Subsidiary exceeding $50,000 in aggregate; (iii) franchises for the construction or operation of cable television systems, or Contracts of substantially equivalent effect; (iv) licenses, authorizations, consents or permits of the FCC; (v) other material licenses, authorizations, consents or permits of any other Governmental Authority; (vi) material easements or rights of access; (vii) material pole line and joint line agreements, underground conduit agreements, crossing agreements, or bulk or commercial service agreements; (viii) any Contract for any fiber or fiber capacity lease or use arrangements that provide to any other

Person the right to use any fiber or capacity of a Partnership System; (ix) any Contract for any internet access or on-line services arrangements that provide to any other Person the right to use the transmission capacity of a Partnership System to provide internet access or other on-line services over such Partnership System; (x) any Contract or agreement limiting the right of the Partnership or any Subsidiary prior to the Closing, or Buyer or any of its subsidiaries or controlled affiliates at or after the Closing to engage in, or to compete with any Person in, any business, including each contract or agreement containing exclusivity provisions restricting the geographical area in which, or the method by which, any business may be conducted by the Partnership or any Subsidiary prior to the Closing, or Buyer or any of its subsidiaries or controlled Affiliates after the Closing; or (xi) any Contract that is not the subject matter of any other clause of this Section 3.4(a) that will remain effective for more than one year after Closing or requiring payments by the Partnership or any Subsidiary exceeding $50,000 under any single contract or series of related contracts; other than any of the Contracts described in clauses (i) through (vii) or (xi), above, that is entered into after the date of this Agreement in the ordinary course of business or otherwise as a result of consummating any of the Acquisition Agreements.

(b) Complete and correct copies of the System Franchises and System Licenses have been delivered by the General Partner to Buyer. Except as described in Schedule 3.4, the System Franchises and System Licenses are currently in full force and effect and are valid and enforceable under all applicable Legal Requirements according to their terms. No event has occurred that, with notice or lapse of time or both, would constitute a material breach, violation or default by the Partnership, any Subsidiary or any Partnership System, and to such Seller's Knowledge, no event has occurred that, with notice or lapse of time or both, would constitute a material breach, violation or default by any other Person, of any material obligations under the System Franchises or the System Licenses. The Partnership and the Subsidiaries are in material compliance with the terms and conditions of all System Franchises and System Licenses and with other applicable material requirements of all Governmental Authorities (including the FCC and the Register of Copyrights) relating to the System Franchises and System Licenses.

(c) Complete and correct copies of all System Contracts listed on Schedule 3.4 and all Contracts relating to Leased Real Property and Other Real Property Interests described on Schedule 3.5 have been provided to or made available to Buyer (other than System Contracts designated as "Missing" on Schedule 3.4 or 3.5). Except as otherwise disclosed on Schedule 3.4, there has not occurred any breach by the Partnership or any subsidiary, which breach is continuing, of any material terms or conditions thereunder, and to such Seller's Knowledge, there has not occurred any default (without regard to requirements of notice, lapse of time, elections of other Persons, or any combination thereof) by any other Person under any material terms or conditions thereunder.

3.5 Real Property. All Partnership Assets consisting of Owned Real Property, Leased Real Property and material Other Real Property Interests are described on Schedule 3.5. Except as otherwise disclosed on Schedule 3.5 or as would not have a Material Adverse Effect, the Partnership or a Subsidiary holds title to the Owned Real Property free and clear of all Liens (except Permitted

Liens). To such Seller's Knowledge, except as otherwise disclosed on Schedule 3.5, the Partnership or a Subsidiary has valid and enforceable leasehold interests in all Leased Real Property. To such Seller's Knowledge, except for ordinary wear and tear and routine repairs, all of the material improvements, leasehold improvements and the premises of the Owned Real Property and the premises demised under the leases and other documents evidencing the Leased Real Property are in operating condition and repair and are suitable for continued use in the manner in which it is currently being used. Each parcel of Owned Real Property and each parcel of Leased Real Property and any improvements thereon (i) has access to and over public streets or private streets for which the Partnership, a Subsidiary or a Partnership System has a valid right of ingress and egress, and (ii) conforms in is current use and occupancy to all material zoning requirements without reliance upon a variance issued by a Governmental Authority or a classification of the parcel in question as a nonconforming use. There are no pending condemnation, expropriation, eminent domain or similar proceedings affecting, in any material respect, all or any portion of the Owned Real Property, Leased Real Property, or, to such Seller's Knowledge, Other Real Property.

3.6 Environmental. Except as would not reasonably be expected to result in fines or penalties under Environmental Laws or environmental remediation costs required to be incurred under Environmental Laws:

(a) Except as disclosed on Schedule 3.6, to the best of such Seller's Knowledge (i) the Owned Real Property and Leased Real Property currently comply in all material respects with all Environmental Laws, (ii) neither the Partnership nor any Subsidiary has caused any events, conditions, circumstances, activities, practices or incidents (including but not limited to the presence, use, generation, manufacture, disposal, release or threatened release of any Hazardous Substances from or on the Owned Real Property or the Leased Real Property), which could interfere with or prevent continued compliance, or which are reasonably likely to give rise to any liability, based upon or related to the processing, distribution, use, treatment, storage, disposal, transport or handling, or the emission, discharge, release or threatened release into the environment, of any Hazardous Substance from or attributable to the Owned Real Property or Leased Real Property and (iii) there is not any pending or threatened claim or investigation based on Environmental Laws which arises from any condition of any Owned Real Property or Leased Real Property.

(b) The General Partner has provided Buyer with complete and correct copies of (i) any studies, reports, surveys or other materials in the Partnership's or any Subsidiary's possession or to which the Partnership or any Subsidiary has access relating to the presence or alleged presence of Hazardous Substances at, on or affecting the Owned Real Property, Leased Real Property or Other Real Property, (ii) any notices or other materials in the Partnership's or any Subsidiary's possession that were received from any Governmental Authority having the power to administer or enforce any Environmental Laws relating to current or past ownership, use or operation of the Owned Real Property, Leased Real Property or Other Real Property or activities at the Owned Real Property, Leased Real Property or Other Real Property, and (iii) any materials in the Partnership's or any Subsidiary's possession, or to which the Partnership or any Subsidiary has access, relating to any claim, allegation or action by any Person other than a Governmental Entity under any Environmental Law.

(c) Except as described on Schedule 3.6, to the Knowledge of such Seller, (i) no aboveground or underground storage tanks are currently or have been located on any Owned Property or Leased Property, and (ii) no Owned Property or Leased Property has been used at any time as a gasoline service station or other facility for storing, pumping, dispensing or producing gasoline or any other petroleum products or wastes.

3.7 Compliance with Legal Requirements. Except as disclosed in Schedule 3.7, and except for any such noncompliance as has been remedied, each of the Partnership, its Subsidiaries, and the Partnership Systems is in compliance and has been operated in compliance in all material respects with all Legal Requirements (including, without limitation, the Cable Act, the Copyright Act and the FCC's Cumulative Leakage Index, but excluding Legal Requirements for which more specific representations are set forth in Sections 3.6, 3.11 and 3.12). The Partnership has delivered or made available to Buyer complete and correct copies of all FCC forms relating to rate regulation filed by the Partnership, its Subsidiaries or the Partnership Systems with any Governmental Authority with respect to the Partnership Systems and copies of all correspondence from or to the Partnership, its Subsidiaries or the Partnership Systems with any Governmental Authority relating to rate regulation generally and any other Rate Regulatory Matter or specific rates charged to subscribers of the Partnership Systems, and any other documentation prepared by the Partnership, its Subsidiaries or the Partnership Systems supporting an exemption from the rate regulation provisions of the Cable Act claimed by the Partnership, its Subsidiaries or the Partnership Systems with respect to any of the Partnership Systems. The Partnership has made available to Buyer, to the extent in the possession of the Partnership, copies of all FCC forms relating to rate regulation filed with any Governmental Authority with respect to the Partnership Systems by parties other than the Partnership, its Subsidiaries or the Partnership Systems and copies of all correspondence from or to parties other than the Partnership, its Subsidiaries or the Partnership Systems with any Governmental Authority relating to rate regulation generally and any other Rate Regulatory Matter or specific rates charged to subscribers of the Partnership Systems, and any other documentation supporting any exemption from the rate regulation provisions of the Cable Act claimed by the Partnership Systems by parties other than the Partnership, its Subsidiaries or the Partnership Systems.

3.8 Intellectual Property. The General Partner has delivered to Buyer complete and correct copies of all current reports and filings for the past three years, made or filed with the U.S. Copyright Office pursuant to copyright rules and regulations with respect to the Partnership's Business. Except as set forth on Schedule 3.8, the Partnership and the Subsidiaries do not own or use any Intellectual Property related to and material to the operation of the Partnership Systems and are not a party to any license or royalty agreement with respect to any such Intellectual Property, except for licenses respecting program material and obligations under the Copyright Act applicable to cable television systems generally. To such Seller's Knowledge, except as described on Schedule 3.8, the Partnership Systems and the Partnership's Business have been operated in such a manner so as not to materially violate or infringe upon the rights, or give rise to any rightful material claim of any Person for infringement of Intellectual Property or license.

3.9 Financial Statements; Absence of Certain Changes or Events. Buyer has received copies of the BCG S-4. The BCG S-4 contains complete and correct copies of the audited consolidated balance sheets of the Partnership and the Subsidiaries and related statements of income, stockholders' equity and cash flows for the fiscal year ended December 31, 1998, as adjusted to reflect the combination of certain assets to reflect the contribution by TCI LLC and its Affiliates to the Partnership on February 2, 1999, including all notes and schedules thereto (all of such financial statements and notes being hereinafter referred to as the "Partnership's Financial Statements"). The Partnership's Financial Statements are in accordance with the books and records of the Partnership and were prepared in accordance with GAAP, except as may be described therein, applied on a consistent basis throughout the periods covered thereby. Except as set forth on Schedule 3.9 and after giving effect to the various transactions consummated on February 2, 1999, and related financings, since December 31, 1998, there has been no (i) event or events (other than any affecting the cable television industry generally) occurred that, individually or in the aggregate, are reasonably likely to result in a Material Adverse Effect and (ii) material change in accounting principles or practices (other than as a result of changes in GAAP) with respect to the Partnership Systems or revaluation by the Partnership of the Partnership Assets for financial reporting, property tax or other purposes. From December 31, 1998 to the date of this Agreement, except with respect to the closing of various transactions on February 2, 1999, and related financings, the Partnership's Business has been conducted only in the usual, regular and ordinary course, except as disclosed on Schedule 3.9 and except where the failure to conduct business in such manner would not have a Material Adverse Effect.

3.10 Litigation.

(a) Except as set forth in Schedule 3.10: (i) there is no Litigation pending or, to such Seller's Knowledge, threatened against the Partnership or any Subsidiary; and (ii) there is not in existence any Judgment (other than Judgments affecting the cable television industry in general) requiring the Partnership or any Subsidiary to take any action of any kind with respect to the Partnership Assets or the operation of the Partnership Systems.

(b) Except as set forth in Schedule 3.10, there is no Litigation pending or, to such Seller's Knowledge, threatened against such Seller which, individually or in the aggregate, is reasonably likely to adversely affect the ability of such Seller to perform its obligations under this Agreement.

3.11 Tax Returns.

(a) Except as described on Schedule 3.11, the Partnership and the Subsidiaries have duly and timely filed in correct form all federal Tax Returns and all other material Tax Returns required to be filed by it, and all such Tax Returns are complete and correct in all material respects, except where the failure of such Tax Returns to be complete or correct would not result in a material liability to the Partnership or the Subsidiaries. The Partnership and the Subsidiaries have timely paid all material Taxes which have become due and payable on such Tax Returns, except for Taxes reflected in the Partnership's Financial Statements, such amounts as are being contested diligently and in good faith and are not in the aggregate material or Taxes reflected as an adjustment to the Purchase Price under Article 2. Neither the Partnership nor any Subsidiary has received any written notice of, nor does such Seller have any Knowledge of, any deficiency, assessment or audit, or proposed deficiency, assessment or audit from any taxing Governmental Authority that could result in any material liability on behalf of the Partnership.

(b) The appropriate Tax Returns of each of the Partnership and the Subsidiaries have not been examined by the Internal Revenue Service for the last six years.

(c) Except as set forth in Schedule 3.11, there are no outstanding agreements or waivers extending the statutory period of limitation applicable to any material Tax Returns required to be filed by, or which include, the Partnership or any of the Subsidiaries.

(d) Except as set forth in Schedule 3.11, neither the Partnership nor any of the Subsidiaries is subject to any joint venture, partnership or other arrangement or contract which is treated as a partnership for federal income tax purposes, other than ownership of any of the Subsidiaries.

(e) Except as set forth in Schedule 3.11, there are no material tax sharing agreements or similar arrangements with respect to or involving the Partnership or any of the Subsidiaries.

(f) The Partnership and each of the Subsidiaries (except Bresnan Capital Corporation) has been treated properly as either a partnership or disregarded entity for federal income tax purposes since its inception, respectively.

3.12 Employment Matters.

(a) Except as set forth on Schedule 3.12, the Partnership and the Subsidiaries have complied in all material respects with all applicable Legal Requirements relating to the employment of labor, including the Worker Adjustment and Retraining Notification Act, as amended (the "WARN Act"), ERISA, continuation coverage requirements with respect to group health plans and those relating to wages, hours, collective bargaining, unemployment insurance, worker's compensation, equal employment opportunity, age and disability discrimination, immigration control and the payment and withholding of Taxes, except as would not have a Material Adverse Effect.

(b) With respect to the Partnership, any Subsidiary, and the Partnership Plans (as defined below):

(1) Except as is disclosed on Schedule 3.12, (i) neither the Partnership, any Subsidiary nor any of their ERISA Affiliates maintains or sponsors (or ever maintained or sponsored), or makes or is required to make contributions to, any Partnership Plans, (ii) none of the Partnership Plans is or was a "multi-employer plan," as defined in Section 3(37) of ERISA, (iii) none of the Partnership Plans is or was a "defined benefit pension plan" within the meaning of Section 3(35) of ERISA, (iv) none of the Partnership Plans provides or provided post-retirement medical or health benefits (except as required by Section 4980B of the Code or similar Laws), (v) none of the Partnership Plans is or was a "welfare benefit fund," as defined in Section 419(e) of the Code, or an organization described in Sections 501(c)(9) or 501(c)(20) of the Code, and (vi) neither the Partnership, any Subsidiary, nor any of their ERISA Affiliates has announced or otherwise made any commitment to create or amend any Partnership Plan. There is no Partnership Plan which the Partnership will not be able to terminate immediately after the Closing in accordance with its terms and ERISA. The Partnership has delivered to Buyer true and complete copies of: (i) each of the Partnership Plans and any related funding agreements thereto (including insurance contracts) including all amendments, (ii) the currently effective Summary Plan Description pertaining to each of the Partnership Plans, (iii) the most recent annual report for each of the Partnership Plans (including all relevant schedules), and (iv) the most recent Internal Revenue Service determination letter for each Partnership Plan which is intended to constitute a qualified Partnership Plan under Section 401 of the Code, (v) the most recently filed PBGC Form 1, if applicable, (vi) for each funded Partnership Plan, ERISA-required financial statements.

(2) Neither the Partnership, any Subsidiary nor any of their ERISA Affiliates is subject to any liability, tax or penalty whatsoever to any person or agency whomsoever as a result of engaging in a prohibited transaction under ERISA or the Code, and neither the Partnership, any Subsidiary nor any of their ERISA Affiliates has any knowledge of any circumstances which reasonably might result in any liability, tax or penalty, including, but not limited to, a penalty under Section 502 of ERISA, as a result of a breach of any duty under ERISA or under other laws. There has been no material failure of any Partnership Plan which is required to comply with the provisions of Sections 4980B and 4980C of the Code, or with the requirements referred to in Section 4980D(a) of the Code, to comply. No event has occurred which could subject any Partnership Plan to any material tax under Section 511 of the Code.

(3) Each of the Partnership Plans which is intended to be a qualified plan under Section 401(a) of the Code has received a favorable determination letter from the Internal Revenue Service. There has been no failure to administer any of the Partnership Plans in material compliance with the terms of such Partnership Plan, ERISA, the Code and all other applicable laws. All contributions required to be made to each of the Partnership Plans under the terms of that Partnership Plan, ERISA, the Code or any other applicable laws have been timely made. The financial statements of the Partnership delivered to Buyer pursuant to Section 3.9 properly reflect all amounts required to be accrued as liabilities to date under each of the Partnership Plans. Except as set forth on Schedule 3.12, there is no contract, agreement or benefit arrangement covering any employee of the Partnership or any Subsidiary which, individually or collectively, could give rise to the payment of any amount which would constitute an "excess parachute payment" (as defined

in Section 280G of the Code). Except as set forth on Schedule 3.12, the execution and performance of this Agreement will not (i) result in any obligation or liability (with respect to accrued benefits or otherwise) of the Partnership or any Subsidiary to any Partnership Plan, or any present or former employee of the Partnership or any Subsidiary, (ii) be a trigger event under any Partnership Plan that will result in any payment (whether of severance pay or otherwise) becoming due to any present or former employee, officer, director, shareholder, contractor, or consultant, or any of their dependents, or (iii) accelerate the time of payment or vesting, or increase the amount, of compensation due to any employee, officer, director, shareholder, contractor, or consultant of the Partnership or any Subsidiary. With respect to any insurance policy which provides, or has provided, funding for benefits under any Partnership Plan, (I) except as described on Schedule 3.12, there is and will be no liability of the Partnership or Buyer in the nature of a retroactive or retrospective rate adjustment, loss sharing arrangement, or actual or contingent liability as of the Closing Date, nor would there be any such liability if such insurance policy were terminated as of the Closing Date, and (II) no insurance company issuing any such policy is in receivership, conservatorship, bankruptcy, liquidation, or similar proceeding, and, to the knowledge of the Partnership or any Subsidiary, no such proceedings with respect to any insurer are imminent.

(4) The present value of all accrued benefits under any Partnership Plans subject to Title IV of ERISA shall not, as of the Closing Date, exceed the value of the assets of such Partnership Plans allocated to such accrued benefits, based upon the applicable provisions of the Code and ERISA, and each such Partnership Plan shall be capable of being terminated as of the Closing Date in a "standard termination" under Section 4041(b) of ERISA. The transactions contemplated hereunder, including without limitation the termination of any Partnership Plans at or prior to the Closing, shall not result in any such withdrawal or other liability under any applicable laws. There are no Liens against the Partnership Assets under Section 412(n) of the Code or Sections 302(f) or 4068 of ERISA. With respect to any multi-employer plan within the meaning of Section 3(37) of ERISA, or any plan subject to Title IV of ERISA, to which the Partnership, any Subsidiary or any of their ERISA Affiliates is or ever was obligated to contribute, (a) there has been no material "reportable event" described in Sections 4043(c)(1), (2), (3), (5), (6), (7), (10), or (13) of ERISA, (b) no "accumulated funding deficiency" (as defined in Section 302 of ERISA) or "withdrawal liability" (as determined under Section 4201 et seq. of ERISA) has occurred, exists or is continuing with respect to any such plan other than a multi-employer plan (as defined in Section 3(37) of ERISA), or, to the Knowledge of the Partnership, its Subsidiaries or any of their ERISA Affiliates, with respect to any such plan which is a multi-employer plan (as defined in Section 3(37) of ERISA), (c) no such plan has been terminated other than in accordance with ERISA or at a time when such plan was not sufficiently funded, and (d) there has been no (i) withdrawal by the Partnership, its Subsidiaries or any of their ERISA Affiliates that is a substantial employer from a single-employer plan and that has two or more contributing sponsors at least two of whom are not under common control, as referred to in Section 4063(b) of ERISA, or (ii) cessation by the Partnership, its Subsidiaries or any of their ERISA Affiliates of operations at a facility causing more than twenty percent (20%) of plan participants to be separated from employment, as referred to in Section 4062(e) of ERISA. The Partnership and its ERISA Affiliates have no liability under Section 4064 of ERISA relating to any "defined benefit pension plan" (within the meaning of Section 3(35)

of ERISA) maintained or contributed to by any ERISA Affiliate within the five-year period before the Closing Date.

(5) Other than routine claims for benefits under the Partnership Plans, there are no pending, or, to the best knowledge of the Partnership or any Subsidiary, threatened, investigations, proceedings, claims, lawsuits, disputes, actions, audits or controversies involving the Partnership Plans, or the fiduciaries, administrators, or trustees of any of the Partnership Plans or the Partnership, any Subsidiary or any of their ERISA Affiliates as the employer or sponsor under any Partnership Plan, with any of the Internal Revenue Service, the Department of Labor, the Pension Benefit Guaranty Corporation, any participant in or beneficiary of any Partnership Plan or any other person whomsoever. To the Knowledge of the Partnership and any Subsidiary, there is no reasonable basis for any such claim, lawsuit, dispute, action or controversy.

For purposes of this Section 3.12(b), the term "Partnership Plans" shall mean (i) all "employee benefit plans" (as such term is defined in Section 3(3) of ERISA, of which the Partnership, any Subsidiary or any of their ERISA Affiliates (a "Partnership ERISA Affiliate") is or ever was within the three-year period ending on the Closing Date a sponsor or participating employer or as to which the Partnership, any Subsidiary or any Partnership ERISA Affiliate makes contributions or is required to make contributions, and (ii) any similar employment, severance or other arrangement or policy of the Partnership or any Subsidiary providing for insurance coverage (including self-insured arrangements), workers' compensation, disability benefits, supplemental unemployment benefits, vacation benefits or retirement benefits, or for profit sharing, deferred compensation, bonuses, stock options, stock appreciation or other forms of incentive compensation or post-retirement insurance, compensation or benefits.

(c) Except as set forth on Schedule 3.12, there are no union or collective bargaining agreements applicable to any Person employed by the Partnership or any Subsidiary that renders services in connection with the Partnership Systems and neither the Partnership nor any Subsidiary has any duty to bargain with any labor organization with respect to any such Person. There has been no work stoppage or strike by employees of the Partnership and the Subsidiaries within the last three years except as disclosed on Schedule 3.12. Except as set forth on Schedule 3.12, there are not (i) any unfair labor practice charges or arbitration proceedings pending, or to such Seller's Knowledge, threatened against the Partnership or any Subsidiary, (ii) any pending demand for recognition or (iii) any other pending effort of or request or demand from, a labor organization for representative status with respect to any Person employed by the Partnership or any Subsidiary that renders services in connection with the Partnership Systems or the Partnership's Business. Except as described on Schedule 3.12, neither the Partnership nor any Subsidiary has any employment Contracts, either written or oral, with any employee of the Partnership Systems, and none of such employment agreements listed on Schedule 3.12 requires Buyer to employ any person after Closing.

The Sellers have delivered to Buyer a list describing, as of the date of this Agreement, individually and by category, the name of each officer, employee and consultant of the

Partnership and each Subsidiary (but not including employees of BCI and employees of the Partnership who work out of the Corporate Office), together with such person's position or function, annual base salary or wage and any incentive, severance or bonus arrangements with respect to such person due from the Partnership, in each case as of the date of this Agreement. Except as disclosed in Schedule 3.12, the completion of the transactions contemplated by this Agreement will not result in any payment or increased payment becoming due from the Partnership or any Subsidiary to any officer, director, or employee of, or consultant to, the Partnership or any Subsidiary (but not including employees of BCI and employees of the Partnership who work out of the Corporate Office), and to such Seller's Knowledge no employee of the Partnership or any Subsidiary has made any threat, or otherwise revealed an intent, to terminate said employee's relationship with the Partnership or any Subsidiary, for any reason, including because of the consummation of the transactions contemplated by this Agreement. Neither the Partnership nor any Subsidiary is a party to any agreement for the provision of labor from any outside agency except as disclosed in Schedule 3.12. To the Partnership's Knowledge, within the three year period preceding the Closing Date there have been no claims by employees of such outside agencies, if any, with regard to employees assigned to work for the Partnership or any Subsidiary, and no claims by any governmental agency with regard to such employees except as disclosed in Schedule 3.12. To such Seller's Knowledge, there are no organizational efforts presently underway or threatened involving any employees performing work for the Partnership or any Subsidiary but provided by an outside employment agency, if any.

Neither the Partnership nor any Subsidiary has any written policies and/or employee handbooks or manuals except as disclosed in Schedule 3.12.

3.13 Partnership Systems Information. Schedule 3.13 sets forth the approximate number of plant miles (aerial and underground) for each headend, the approximate bandwidth capability of each headend, the stations and signals carried by each headend and the channel position of each such signal and station, which information is true and correct in all material respects, in each case as of the applicable dates specified therein and subject to any qualifications set forth therein. The Sellers have delivered to Buyer channel lineups and the monthly rates charged for each class of service for each headend in the Partnership Systems, which information is true and correct in all material respects, in each case as of the applicable dates specified therein and subject to any qualifications set forth therein. Except as described in Schedule 3.13, each Partnership System is capable of providing all channels, stations and signals reflected as being carried on such Partnership System on Schedule 3.13. The Sellers have prepared Schedule 6.1 in good faith on information believed by them to be reliable.

3.14 Finders and Brokers. None of such Seller, the Partnership nor any Person acting on behalf of such Seller or the Partnership has employed any financial advisors, broker or finder or incurred any liability for any financial advisory, brokerage, finder's or similar fee or commission in connection with the transactions contemplated by this Agreement, except such fees of Goldman, Sachs and Company, Waller Capital Corporation and Daniels & Associates that will be paid in full by the Sellers.

3.15 Transactions with Affiliates. Effective at and as of the Closing, except as disclosed in Schedule 3.15, neither the Partnership nor any Subsidiary will be involved in any business arrangement or business relationship with any Affiliate of the Partnership (other than a Subsidiary), and no Affiliate of the Partnership (other than a Subsidiary) owns any property or right, tangible or intangible, that will be used in the Partnership's Business or the operation of the Partnership Systems. For purposes of this Section 3.15, the reference to Affiliates includes the Persons who are Affiliates immediately prior to Closing.

3.16 Competition. Except as set forth on Schedule 3.16, and other than direct broadcast satellite and satellite master antenna television, as of the date of this Agreement with respect to each Service Area: (i) no Person is operating a cable television system or other non-satellite MVPD (or to Seller's Knowledge, MMDS not emitting signals from a Service Area) other than a Partnership System in such area; (ii) no local franchising authority has awarded a cable television franchise in such area to any Person other than the Partnership, any Subsidiary or a Partnership System; and (iii) to the Knowledge of such Seller, no MVPD has applied for a cable television franchise to serve such area.

3.17 Pending Transactions. Other than the transactions contemplated by the Acquisition Agreements, neither the Partnership nor any Subsidiary has entered into any agreement or letter of intent or other commitment to acquire or dispose of any cable television system that has not been consummated prior to the execution of this Agreement.

3.18 Acquisition Agreement Schedules; Schedule References. Any information set forth in or disclosed in the schedules to the Acquisition Agreements or any definitive agreement entered into by the Partnership or any Subsidiary in connection therewith in each case as in effect on the date of this Agreement, shall be deemed by this reference to be included in the Schedules to this Agreement to the extent such information and disclosures would reasonably be deemed relevant (based on the level of detail and sufficiency of information provided therein) to the corresponding or analogous representations and warranties made by the Sellers in this Article 3. True and complete copies of the foregoing agreements have been delivered to Buyer prior to the date hereof. Schedule and exhibit references contained in this Agreement are for convenience only and any matter disclosed pursuant to one section, subsection or other provision of this Agreement, are deemed disclosed for all purposes of this Agreement, as long as the disclosure with respect to such matter provides a truthful, accurate and adequate description of all relevant aspects of such matter.

3.19 Securities Law Matters. Such Seller understands and acknowledges that the Equity Consideration has not been registered or qualified under the federal or applicable state securities laws and the Equity Consideration is being transferred to the Sellers in reliance upon applicable exemptions from such registration and qualification requirements. Such Seller is an "accredited investor" within the meaning of the federal securities laws and acknowledges it has been furnished with or afforded access to, and has had the opportunity to ask questions and receive answers concerning, all information pertaining to the Equity Consideration. The Equity Consideration is being acquired by such Seller for investment only and not with a view to any public distribution thereof. Such Seller understands that the Equity Consideration represents "restricted securities" within the meaning of the federal securities laws and agrees that it will not offer to sell or otherwise dispose of the Equity Consideration in violation of the registration and qualification requirements of the federal and applicable state securities laws.

ARTICLE 4 REPRESENTATIONS AND WARRANTIES OF BUYER

Buyer represents and warrants to each Seller as follows:

4.1 Organization; Authority. Buyer is a limited liability company duly organized, validly existing, and in good standing under the laws of the State of Delaware. Buyer has the requisite power and authority to conduct its activities as such activities are currently conducted and to execute, deliver and perform this Agreement and the other Transaction Documents to which Buyer is a party according to their respective terms. Buyer is duly qualified to do business as a foreign limited liability company and is in good standing in all jurisdictions in which such qualification is necessary, except where such failure to be so qualified would not, individually or in the aggregate, have a material adverse effect on the ability of Buyer to perform its obligations under this Agreement.

4.2 Authorization and Binding Obligation. The execution, delivery, and performance by Buyer of this Agreement and the other Transaction Documents to which Buyer is a party have been duly authorized by all necessary action on the part of Buyer. This Agreement and the other Transaction Documents to which Buyer is a party have been duly executed and delivered by Buyer (or, in the case of Transaction Documents to be executed and delivered at Closing, when executed and delivered will be duly executed and delivered) and constitute (or, in the case of Transaction Documents to be executed and delivered at Closing, when executed and delivered will constitute) the legal, valid, and binding obligation of Buyer, enforceable against Buyer in accordance with their terms, except as the enforceability of this Agreement and such other Transaction Documents 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.

4.3 No Conflict; Required Consents. The execution and delivery by Buyer, the performance by Buyer under, and the consummation of the transactions contemplated by, this Agreement and the Transaction Documents to which Buyer is a party do not and will not: (a) conflict with or violate any provision of the Charter Documents of Buyer; (b) violate any provision of any Legal Requirement; (c) require any material consent, approval or authorization of, or filing of any certificate, notice, application, report or other document with, any Governmental Authority or other Person; or (d) (i) result in a material breach of or constitute a material default under (without regard to requirements of notice, lapse of time or elections of other Persons or any combination thereof), (ii) permit or result in the termination, suspension or material modification of, or (iii) result in the material acceleration of (or give any Person the right to accelerate) the performance of Buyer under, any Contract or other instrument by which Buyer or any of its assets is bound or affected, except for any of the foregoing that would not materially adversely affect Buyer's ability to perform its obligations under this Agreement.

4.4 Finders and Brokers. Neither Buyer nor any Person acting on behalf of Buyer has employed any financial advisors broker or finder or incurred any liability for any financial advisory, brokerage, finder's or similar fee or commission in connection with the transactions contemplated by this Agreement, except any of the foregoing that will be paid in full by Buyer.

4.5 Securities Law Matters. Buyer understands and acknowledges that the Purchased Interests and the Contributed Interests have not been registered or qualified under the federal or applicable state securities laws and the Purchased Interests are being sold to and purchased by Buyer and the Contributed Interests are being contributed to Buyer in reliance upon applicable exemptions from such registration and qualification requirements. Buyer is an "accredited investor" within the meaning of the federal securities laws and acknowledges it has been furnished with or afforded access to, and has had the opportunity to ask questions and receive answers concerning, all information pertaining to the Purchased Interests and the Contributed Interests. The Purchased Interests and the Contributed Interests are being acquired by Buyer for investment only and not with a view to any public distribution thereof. Buyer understands that the Purchased Interests and the Contributed Interests are "restricted securities" within the meaning of the federal securities laws and agrees that it will not offer to sell or otherwise dispose of the Purchased Interests and the Contributed Interests in violation of the registration and qualification requirements of the federal and applicable state securities laws.

4.6 Investment Company. Buyer is not, and upon consummation of the transactions contemplated by this Agreement will not be, an "Investment Company" required to register as such under the Investment Company Act of 1940, as amended.

4.7 Litigation. Except as set forth in Schedule 4.7, there is no Litigation pending or, to Buyer's Knowledge, threatened against Buyer which, individually or in the aggregate, is reasonably likely to materially adversely affect the ability of Buyer to perform its obligations under this Agreement.

4.8 Balance Sheet. Buyer has delivered to the Sellers a true and complete copy of an audited consolidated balance sheet of Buyer and its consolidated subsidiaries as of December 31, 1998. As of the date of this Agreement, all cable television operations of Buyer and its Affiliates are conducted through Buyer or one or more of its subsidiaries or joint ventures or other Persons in which Buyer holds an equity interest.

4.9 Financing. As of the Closing Date, Buyer will have available cash or cash equivalents on hand in an amount sufficient to enable it to pay in cash the full amount of the Purchase Price and consummate the transactions contemplated by this Agreement. At the Closing Date, Buyer will be able to arrange the refinancing of the Credit Facility, if necessary. On the date required for repurchase pursuant to any tender offer, Buyer also will have available the cash or cash equivalents, or access to such cash equivalents under its existing credit facility, to repurchase at 101% of the principal amount thereof any of the notes that are tendered pursuant to the change of control repurchase offer that will be made following the Closing pursuant to Section 5.8(b).

4.10 Capitalization; Delivery of Limited Liability Company Interests.

(a) As of the date hereof, all of the equity interests in Buyer are owned of record and beneficially by Charter Communications, Inc. As of the date hereof, there are no preemptive rights, whether at law or otherwise, to purchase any securities of Buyer and, except as disclosed in Schedule 4.10(a), there are no outstanding options, warrants, subscriptions, agreements, plans, rights or other commitments pursuant to which Buyer is or may become obligated to sell or issue any Units or any other equity security, and there are no outstanding securities convertible into such Units or any other equity security.

(b) The Equity Consideration being issued hereunder, when issued and delivered in accordance with the terms of this Agreement for the consideration expressed herein, will be duly authorized and validly issued. The delivery of such Equity Consideration pursuant to this Agreement will transfer to the Sellers good and valid title to such Equity Consideration, free and clear of all Liens and any other limitations or restrictions (including any restrictions on the right to vote, sell or otherwise dispose of such interest), other than the transfer restrictions created by the Operating Agreement or imposed by applicable Legal Requirements.

4.11 Pending Buyer Acquisitions. Schedule 4.11 sets forth a description of each pending transaction as of the date hereof in which Buyer, directly or indirectly, would acquire a majority or other equity interests in, or the operating business of, any Person (the "Pending Buyer Acquisitions"). Except as set forth on Schedule 4.11, Buyer has delivered to Sellers true and complete copies of the purchase agreement and/or other acquisition documents in connection with or relating to each of the Pending Buyer Acquisitions. Buyer will deliver to Sellers within 30 days of this Agreement true and complete copies of the purchase agreement and/or other acquisition documents in connection with or relating to each of the Pending Buyer Acquisitions described on Schedule 4.11, subject to reasonable confidentiality restrictions; provided that Buyer uses commercially reasonable efforts to secure a waiver of such restrictions.

4.12 SEC Filings; Financial Information.

(a) Buyer has delivered to the Sellers Amendment No. 2 to the Registration Statement on Form S-4 filed by Charter Communications Holdings, LLC with the SEC (File No. 333-77499) on June 21, 1999 (the "CCH S-4"). Other than with respect to information regarding the transactions contemplated by this Agreement, the CCH S-4, as of the date hereof does not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading.

(b) The pro forma system cash flow information for Buyer and its subsidiaries (giving pro forma effect to the Pending Buyer Acquisitions and the transactions contemplated herein) attached as Schedule 4.12(b) have been prepared in good faith on the basis of assumptions believed by Buyer to be reasonable.

ARTICLE 5 SPECIAL COVENANTS AND AGREEMENTS

The parties covenant and agree as follows:

5.1 Access to Premises and Records. Between the execution of this Agreement and the Closing, upon reasonable notice the General Partner will cause the Partnership and the Subsidiaries to give to Buyer and its representatives reasonable access during normal business hours to all the premises and books and records of the Partnership's Business and to all of the Partnership Assets and Partnership Systems' personnel and will furnish to Buyer and its representatives all such documents, financial information and other information regarding the Partnership's Business, the Partnership Systems and the Partnership Assets as Buyer from time to time reasonably may request.

5.2 Continuity and Maintenance of Operations; Certain Deliveries and Notices. Except as described on Schedule 5.2-I or as Buyer may otherwise consent (which, in the case of Sections 5.2(a) and 5.2(g) (except as specifically set forth therein), will not be unreasonably withheld, conditioned or delayed) between the date of this Agreement and the Closing, the Sellers will cause the Partnership and the Subsidiaries to:

(a) conduct the Partnership's Business in good faith and operate the Partnership Systems only in the usual, regular and ordinary course and consistent with past practices, except as provided in this Agreement and the Partnership's Budget (subject to, and except as modified by, compliance with the following covenants), including operating substantially in accordance with the Partnership's Budget, completing ongoing and planned line extensions, placing conduit or cable in new developments, fulfilling installation requests, completing disconnection work orders and disconnecting and discontinuing service to customers whose accounts are delinquent, and, to the extent consistent with such conduct and operation, use its commercially reasonable efforts to (i) preserve the Partnership's Business intact in all material respects, including preserving existing relationships with franchising authorities, suppliers, customers and others having business dealings with the Partnership Systems, and (ii) keep available the services of its employees and agents providing services in connection with the Partnership's Business and the Partnership Systems, and (iii) continue budgeted marketing, advertising and promotional expenditures with respect to the Partnership's Business and the Partnership Systems consistent with past practices;

(b) (i) maintain the Partnership Assets in operating condition; (ii) maintain inventory for the Partnership Systems at levels consistent with past practices (as adjusted for historical rebuild activities) and sufficient to operate the Partnership Systems in the ordinary course of business; (iii) use commercially reasonably efforts to maintain in full force and effect policies of insurance with respect to the Partnership's Business consistent with past practices; (iv) promptly notify Buyer of any event that results in any material loss or damage to the Partnership Assets or Partnership Systems (whether resulting from fire, theft, or any other casualty); (v) maintain its books, records and accounts with respect to the Partnership Assets and the operation of the Partnership Systems in the usual, regular and ordinary manner on a basis consistent with past practices; (vi) comply in all material respects with all Legal Requirements applicable to the Partnership and the operation of the Partnership's Business; (vii) and subject to the availability of labor and materials and to other matters outside the reasonable control of the Partnership, continue to make capital expenditures, including rebuild expenditures, materially consistent with the Partnership's Budget or otherwise implement the rebuild program contemplated by the Partnership's Budget;

(c) promptly deliver to Buyer true and complete copies of all quarterly financial statements and all monthly and quarterly financial and operating reports with respect to the operation of the Partnership's Business prepared in the ordinary course of business by or for any of the Partnership at any time from the date of this Agreement until the Closing;

(d) give or cause to be given to Buyer and its counsel, accountants and other representatives, as soon as reasonably possible but in any event prior to the date of submission to the appropriate Governmental Authority, copies of all FCC Forms 1200, 1205, 1210, 1215, 1220, 1225, 1235 and 1240 or any other FCC forms required to be filed with any Governmental Authority under the 1992 Cable Act with respect to rates and prepared with respect to any of the Partnership Systems;

(e) timely file a notice of renewal under Section 626 of the Cable Act with the appropriate Franchising Authority with respect to any System Franchise (other than those disclosed in Schedule 3.7) that will expire within 30 months after any date between the date of this Agreement and the Closing Date;

(f) promptly notify Buyer of any fact, circumstance, event or action by it or otherwise (i) which if known at the date of this Agreement would have been required to be disclosed by it in or pursuant to this Agreement or (ii) the existence, occurrence or taking of which would result in the condition set forth in Section 6.1(a) not being satisfied at the Closing, and, with respect to clause (ii), will use its commercially reasonable efforts to remedy the same.

(g) except as set forth in Schedule 5.2(g), not

(i) modify, terminate, renew, suspend or abrogate any System Contract (other than the System Contracts listed in the other clauses of this Section 5.2(g));

(ii) enter into, modify, terminate, renew, suspend or abrogate any retransmission consent System Contract, System Franchise or System License, except for renewals (other than renewals of System Franchises) on terms that are not materially different from those which currently exist and renewals of System Franchises as otherwise required or permitted under this Agreement or modify or amend any Acquisition Agreement in a manner that is materially less favorable to the Partnership than the terms thereof as of the date of this Agreement;

(iii) enter into, modify, terminate, renew, suspend or abrogate any System Contract evidencing Leased Property or Other Real Property Interests, lease agreements for Tangible Personal Property except for renewals on terms that are not materially different from those which currently exist;

(iv) engage in any marketing, subscriber installation, collection or disconnection practices;

(v) make any election with respect to any cost of service proceeding conducted in accordance with Part 76.922 of Title 47 of the Code of Federal Regulations or any similar proceeding with respect to any Partnership System, in either case without providing notice of such election to Buyer;

(vi) enter into any agreement with or commitment to any competitive access provider and/or local exchange company or any internet access or on-line services provider with respect to the use or lease of any of the Partnership Assets;

(vii) except as contemplated by this Agreement, sell, transfer or assign any portion of the Partnership Assets or permit the creation of a Lien (other than Permitted Liens) on any of the Partnership Assets;

(viii) decrease the rate charged for any level of Basic Services, Expanded Basic Services or any Pay TV or add, delete, retier or repackage any analog programming services, in each case except to the extent required under the 1992 Cable Act or any other Legal Requirement; provided, however, that if rates are decreased in order to so comply, the Partnership will provide the Buyer with copies of any FCC forms (even if not filed with any Governmental Authority) that the Partnership, any Subsidiary or any Partnership System used to determine that the new rates were required;

(ix) convert any Partnership Systems to any billing system or otherwise change billing arrangements for any of the Partnership Systems;

(x) enter into any Contract of any kind relating to the Cable Business to be assumed by Buyer that individually or in the aggregate call for payments over its terms or otherwise involving expenditures in excess of $100,000, except for the renewal of Contracts that would, but for such renewal, terminate in accordance with their terms prior to Closing;

(xi) except pursuant to or required by plans, agreements or arrangements already in effect on the date hereof or as set forth in Section 5.12, make any material increase in compensation or benefits payable or to become payable to employees or make any material change in personnel policies, or modify, terminate, renew, renegotiate, suspend or abrogate any insurance or annuity policy or contract used to provide benefits under any Partnership Plan;

(xii) except as disclosed on Schedule 3.12, take any action with respect to the grant or increase of severance or termination pay in excess of $400,000 in the aggregate, payable by the Partnership or any Subsidiary after the Closing Date;

(xiii) engage in any material transaction with respect to the Partnership's Business or the Partnership Systems not otherwise contemplated by the Partnership's Budget, except for the renewal of Contracts that would, but for such renewal, terminate in accordance with their terms prior to Closing and the Acquisition Agreements listed on Schedule 3.17 (including definitive agreements relating thereto);

(xiv) enter into, modify, terminate, renew, suspend or abrogate any System Contract relating to programming or to the provision of telephony or related services;

(xv) offer services under the ICTV, TCI@Home, Bresnan@Home, World Gate or OSS agreements to any Subscribers other than in the Partnership Systems set forth on Schedule 5.2(g);

(xvi) modify or extend the ICTV, TCI@Home, Bresnan@Home or OSS agreements;

(xvii) enter into, modify or amend any Contract for any fiber or fiber capacity lease or use arrangements or for any internet access or on-line services arrangements (other than Systems Contracts for the provision of internet access to business premises and leases for point to point business data exchange); or (xviii) agree to do any of the foregoing;

provided, with respect to (i), (iii), (iv), (vii), (viii), (x), (xi) and (xii), the Partnership and its Subsidiaries may take such actions to the extent consistent with the ordinary course of business, past practice or the Partnership's Budget;

provided, further, that notwithstanding the preamble to Section 5.2, any consent of the Buyer relating to an action which is prohibited by clauses (ii), (vi), (vii), (ix), (x), (xiii), (xiv), (xv), (xvi), (xvii) and (xviii) (but only to the extent that clause (xviii) relates to the foregoing clauses) of this Section 5.2(g) may be withheld by Buyer in its sole and absolute discretion.

(h) use its commercially reasonable efforts to challenge and contest any Litigation brought against or otherwise involving the Partnership, any Subsidiary or the Partnership Systems that could result in the imposition of Legal Requirements that could cause the conditions to the Closing not to be satisfied.

5.3 Required Consents, Franchise Renewal.

(a) Prior to the Closing, the Sellers will cause the Partnership to use commercially reasonable efforts to obtain in writing as promptly as possible all of the Required Consents in form and substance reasonably satisfactory to Buyer, and will deliver to Buyer copies of such Required Consents promptly after they are obtained. Buyer will cooperate with the Sellers and the Partnership in their efforts to obtain the Required Consents; provided that Buyer will not be required to accept or agree or accede to any modifications or amendments to, or the imposition of any condition to the transfer of control of, any of the material System Franchises, System Licenses, System Contracts, or leases or documents evidencing Leased Real Property or Other Real Property Interests, that in either case, would make, or are reasonably likely to make, the underlying instrument materially more onerous or that would materially reduce in any respect, or are reasonably likely to materially reduce in any respect, the benefits available under the instrument in respect of which the consent relates. Within 45 days after the date of this Agreement, the General Partner, in its capacity as the representative of the Sellers, and Buyer will cooperate with each other to complete, execute and deliver, or cause to be completed, executed and delivered to the appropriate Governmental Authority or other Person, an application on FCC Form 394 (or other appropriate form) and appropriate letters of transmittal requesting such Governmental Authority's or other Person's consent to transfer of control of each System Franchise, System License, System Contract, or lease or document evidencing Leased Real Property or Other Real Property Interest as to which such consent is required. The parties agree that without the Sellers' and Buyer's prior consent, no notice or application or similar document filed with a Governmental Authority or other Person for the purpose of requesting a Required Consent (including any FCC Form 394 filed hereunder with respect to a System Franchise) or notifying such party of the transactions contemplated by this Agreement will state that the purchase and sale of the Purchased Interests, contribution of the Contributed Interests and the Closing hereunder are conditioned on or will necessarily result in consummation of any transaction other than the transactions contemplated by this Agreement or will request that any such Required Consent be conditioned on consummation of any transaction other than the occurrence of the Closing hereunder, and Sellers and Buyer will not be required to accept a Required Consent that is so conditioned without the Sellers' or Buyer's consent, respectively.

(b) Prior to the Closing, each Seller will use commercially reasonable efforts to obtain in writing as promptly as possible all of the Required Consents required to be obtained by such Seller, in form and substance reasonably satisfactory to Buyer, and will deliver to Buyer copies of such Required Consents promptly after they are obtained. No Seller will take any action that would result in the condition set forth in Section 6.1(a) not being satisfied with respect to such Seller at the Closing. All documents delivered or filed with any Governmental Authority or any Person by or on behalf of the Partnership, any Subsidiary or the Partnership Systems pursuant to this Section, when so delivered or filed, will be correct, current and complete in all material respects. Sellers will cause the Partnership, any Subsidiary and the Partnership Systems to cooperate with Buyer to obtain all Required Consents and no Party shall intentionally take any action or steps that would prejudice or jeopardize the obtaining of any Required Consent. The Partnership, any Subsidiary and the Partnership Systems will not accept or agree or accede to any modifications or amendments to, or the imposition of any condition to the transfer of, any of the System Franchises, System Licenses or System Contracts that are not reasonably acceptable to the other Party. No Seller will sell, assign, transfer or otherwise dispose of all or any portion of the Purchased Interests and the Contributed Interests held or represented to be held by it on the date of this Agreement.

(c) Notwithstanding the provisions of subsections (a) and (b) above, no Person will have any further obligation to obtain Required Consents: (i) with respect to license agreements relating to pole attachments where the licensing authority will not consent to an assignment of such license agreement but requires that Buyer enter into a new agreement with such licensing authority, in which case Buyer shall use its commercially reasonable efforts to enter into such agreement prior to Closing or as soon as practicable thereafter and the General Partner, in its capacity as the representative of the Sellers, will cooperate with and assist Buyer in obtaining such agreements; (ii) for any business radio license or any private operational fixed service (POFS) microwave license which the General Partner, in its capacity as the representative of the Sellers, reasonably expects can be obtained within 120 days after the Closing and so long as a conditional temporary authorization (for a business radio license) or a special temporary authorization (for a POFS license) is obtained by Buyer under FCC rules with respect thereto; (iii) with respect to Contracts evidencing Leased Real Property, if, with the consent of Buyer, the Sellers cause the Partnership to obtain and make operational prior to Closing substitute Leased Real Property that is reasonably satisfactory to Buyer; (iv) with respect to Contracts evidencing leased Tangible Personal Property that is material to the Partnership's Business, if, with the consent of Buyer, the Sellers cause the Partnership to obtain and make operational prior to Closing substitute Tangible Personal Property that is reasonably satisfactory to Buyer; and (v) with respect to Contracts which are not identified with an asterisk (*) on Schedule 3.2, if the Sellers use commercially reasonable efforts to obtain the Required Consent of the other party to such Contract but fails to obtain such consent on or prior to Closing.

(d) Prior to the Closing, the Sellers will cause the Partnership to use commercially reasonable efforts to obtain a renewal or extension of any System Franchise (for a period expiring no earlier than three years after the Closing Date) for which a valid notice of renewal pursuant to the formal renewal procedures established by Section 626 of the Cable Act has not been timely delivered to the appropriate Governmental Authority and no written confirmation has been received from such Governmental Authority that the procedures established by Section 626 of the Cable Act nonetheless will be applicable with respect to the renewal or extension of such System Franchise.

5.4 Confidentiality; Press Release.

(a) Sellers may from time to time in the course of this transaction disclose to Buyer information and material concerning the Sellers, the Partnership and the Subsidiaries, the Partnership Assets and the Partnership Systems, including proprietary information, contracts, marketing information, technical information, product or service concepts, subscriber information, rates, financial information, ideas, concepts and research and development (any of the foregoing and any analysis, compilations, studies or other documents prepared by or on behalf of Buyer in respect thereof are hereafter collectively referred to as "Confidential Information"). The term "Confidential

Information" does not include any item of information that (1) is publicly known at the time of its disclosure or (2) is lawfully received from a third party not bound to keep such information confidential. Prior to the Closing, Buyer may disclose Confidential Information if disclosure is required, in the reasonable opinion of counsel, by applicable Legal Requirements and if Buyer has used all reasonable efforts, and has afforded the other parties hereto the opportunity, to obtain an appropriate protective order, or other satisfactory assurance of confidential treatment, for the information compelled to be disclosed. Buyer agrees that Confidential Information received from the Sellers or, prior to the Closing, from the Partnership shall be used solely in connection with the transaction contemplated by this Agreement. Buyer agrees that it shall treat confidentially and not directly or indirectly, divulge, reveal, report, publish, transfer or disclose, for any purpose whatsoever (other than to its investors, financing sources and agents for the purpose of consummating the transactions contemplated by this Agreement, each of whom Buyer shall cause to maintain the confidentiality of such Confidential Information), all or any portion of the Confidential Information disclosed to it by the Sellers or by the Partnership or the Subsidiaries. In the event of a breach of the covenants contained in this Section 5.4(a), the Sellers shall be entitled to seek injunctive relief as well as any and all other remedies at law or equity. If the Closing does not occur, the Confidential Information, except for that portion which consists of analysis, compilations, studies or other documents prepared by or on behalf of Buyer, will be returned to the Sellers immediately upon the Sellers' request therefor; and that portion of the Confidential Information which consists of analysis, compilations, studies or other documents prepared by or on behalf of Buyer will be held by Buyer and kept confidential and subject to the terms of this Section 5.4(a), or will be destroyed.

(b) No party will, and the Sellers will not permit the Partnership to, issue any press release or make any other public announcements concerning this Agreement or the transactions contemplated by this Agreement without the prior written consent and approval of Buyer (in the case of the Sellers or the Partnership) or the Sellers (in the case of Buyer) except for disclosures required by applicable Legal Requirements. With respect to press releases or any other public announcement required by applicable Legal Requirements, the party intending to make such release or disclosure shall provide the other parties with an advance copy and a reasonable opportunity to review.

(c) This Section 5.4 shall be deemed in addition to, and not in limitation of, those restrictions contained in the Confidentiality and Nondisclosure Letter Agreement dated May 27, 1999, between Charter Communications, Inc. and Waller Capital Corporation on behalf of the Partnership, which agreement is hereby incorporated herein by this reference.

(d) Notwithstanding the provisions of this Section 5.4, any party or its Affiliate may file a copy of this Agreement (but not the Disclosure Letter or Schedules) as an exhibit, if reasonably required, to any Registration Statement filed with the SEC.

5.5 Cooperation; Commercially Reasonable Efforts. The parties shall cooperate, and the Sellers shall cause the Partnership to cooperate, with each other and their respective counsel and accountants in all commercially reasonable respects in connection with any actions required to be taken as part of their respective obligations under this Agreement, and otherwise use their commercially reasonable efforts, and the parties shall also, and the Sellers shall cause the Partnership to, use its commercially reasonable efforts to consummate the transactions contemplated hereby and to fulfill their obligations hereunder as expeditiously as practicable.

5.6 HSR Act. To the extent required by law, and no later than 30 days after the execution of this Agreement, Buyer and the Sellers will each complete and file, or cause to be completed and filed at its own cost and expense, any notification and report required to be filed under the HSR Act with respect to the transactions contemplated by this Agreement and each such filing shall request early termination of the waiting period imposed by the HSR Act. The parties shall use their respective commercially reasonable efforts to respond as promptly as reasonably practicable to any inquiries received from the Federal Trade Commission (the "FTC") and the Antitrust Division of the Department of Justice (the "Antitrust Division") for additional information or documentation and to respond as promptly as reasonably practicable to all inquiries and requests received from any other Governmental Authority in connection with antitrust matters. The parties shall use their respective commercially reasonable efforts to overcome any objections which may be raised by the FTC, the Antitrust Division or any other Governmental Authority having jurisdiction over antitrust matters. Each party will cooperate to prevent inconsistencies between their respective filings and between their respective responses to all such inquiries and responses, and will furnish to each other such necessary information and reasonable assistance as the other may reasonably request in connection with its preparation of necessary filings or submissions under the HSR Act. Notwithstanding the foregoing, no party shall be required to make any significant change in the operations or activities of the business (or any material assets employed therein) of such party or any of its Affiliates, if a Party determines in good faith that such change would be materially adverse to the operations or activities of the business (or any material assets employed therein) of such party or any of its Affiliates having significant assets, net worth or revenue.

5.7 Tax Matters.

The following provisions shall govern the allocation of responsibility between Buyer and Sellers for certain tax matters following the Closing Date:

(a) Tax Returns to be Filed After the Closing Date. The Sellers shall prepare or cause to be prepared and file or cause to be filed any Tax Returns of the Partnership which are required to be filed after the Closing Date and relate solely to periods, or portions thereof, ending on or prior to the Closing Date, including the return for the Partnership's taxable year ending on the Closing Date as a result of the Partnership's constructive termination. Such Tax Returns shall be prepared in accordance with the Partnership's past custom and practice (subject to applicable Legal Requirements and determined on the basis of the appropriate permanent records of such Partnership), notwithstanding any provision of the Partnership Agreement to the contrary. The Sellers shall use reasonable commercial efforts to prepare such Tax Returns in a manner that is consistent with past practice. The Sellers shall provide Buyer with drafts of such Tax Returns (together with the relevant back-up information), and Buyer may submit comments which it deems necessary to the Sellers in connection with the preparation of such Tax Returns. The Sellers shall in good faith consider the inclusion of such comments; provided, however, that the Sellers have the final discretion in determining the final form of such Tax Returns and may file such Tax Returns with the proper Governmental Authority without Buyer's consent.

(b) Cooperation on Tax Matters.

(1) Buyer and the Sellers shall cooperate fully, as and to the extent reasonably requested by the other party, in connection with the filing of Tax Returns pursuant to this Section 5.7 and any audit, litigation, or other proceeding with respect to Taxes. Such cooperation shall include the retention and (upon the other party's request) the provision of records and information which are reasonably relevant to any such audit, Litigation, or other proceeding and making employees available on a mutually convenient basis to provide additional information and explanation of any material provided hereunder. Buyer and the Sellers agree to give the other party reasonable written notice prior to transferring, destroying or discarding any such books and records and, if the other party so requests, Buyer or the Sellers, as the case may be, shall allow the other party to take possession of such books and records to the extent they would otherwise be destroyed or discarded, subject to a reasonable confidentiality agreement. After the Closing the Sellers and Buyer shall promptly notify the others of any audit or other Tax matter relating to any periods, or portions thereof, prior to the Closing Date which is brought to its attention by notice from the Internal Revenue Service or any other state, local or foreign taxing Governmental Authority and forward to the other copies of any notices, correspondence, reports or other instruments, communications or documents received in connection therewith. Buyer will not settle or compromise any such audit or Tax matter without the consent of the Sellers, which consent shall not be unreasonably withheld.

(2) Buyer and the Sellers further agree, upon request, to use commercially reasonable efforts to obtain any certificate or other document from any Governmental Authority or any other Person as may be necessary to mitigate, reduce or eliminate any Tax that could be imposed (including Taxes with respect to the transactions contemplated hereby).

(c) Tax Sharing Agreements. All tax sharing agreements or similar agreements with respect to or involving the Partnership or any of the Subsidiaries shall be terminated as of the Closing Date and, after the Closing Date, neither the Partnership, any of the Subsidiaries nor Buyer shall be bound thereby or have any liability thereunder.

(d) Certain Taxes. All transfer, documentary, sales, use, stamp, registration and other such Taxes and fees (including any penalties and interest) incurred in connection with this Agreement shall be borne one-half by Buyer and one-half by Sellers. Buyer and the Sellers will cooperate in all reasonable respects to prepare and file all necessary Tax Returns and other documentation with respect to all such transfer, documentary, sales, use, stamp, registration and other Taxes and fees.

(e) Section 754 Elections. To the extent not already in effect, each of the Partnership and its Subsidiaries that is treated as a partnership for federal income tax purposes shall timely file an election under Section 754 of the Code so that such entities shall be able to adjust the tax basis of their assets (collectively, the "Partnership Assets") under Section 743(b) of the Code as a result of the transactions contemplated herein.

(f) Allocation of Purchase Consideration. The Purchase Price, as finally determined pursuant to Section 2.5 and the liabilities of the Partnership and the Subsidiaries attributable to the Purchased Interests (together, the "Purchase Consideration") shall be allocated among the portions of the Partnership Assets attributable to the Purchased Interests in an allocation agreement (the "Allocation Agreement") to be prepared in accordance with the rules under Sections 743(b), 751, 755 and 1060 of the Code. The parties agree that the Purchase Consideration shall be allocated among the Partnership Assets by allocating an amount to the tangible assets of the Partnership and the Subsidiaries equal to the portion of the book value for financial statement purposes of such tangible assets attributable to the Purchased Interests and the remainder to the System Franchises of the Partnership and the Subsidiaries. Buyer shall deliver a draft of the Allocation Agreement to the General Partner, in its capacity as the representative of the Sellers, within thirty (30) days after a final determination is reached pursuant to Section 2.5 for approval and consent, and Buyer and the General Partner, in its capacity as the representative of the Sellers, shall mutually agree upon the Allocation Agreement. Neither Buyer nor any of the Sellers shall unreasonably withhold its approval and consent with respect to the Allocation Agreement. Unless otherwise required by applicable law, Buyer, Sellers, the Partnership and the Subsidiaries agree to act, and cause their respective affiliates to act, in accordance with the computations and allocations contained in the Allocation Agreement in any relevant Tax Returns or similar filings (including any forms or reports required to be filed pursuant to Section 1060 of the Code ("1060 Forms")), to cooperate in the preparation of any 1060 Forms, to file such 1060 Forms in the manner required by applicable law and to not take any position inconsistent with such Allocation Agreement upon examination of any tax refund or refund claim, in any litigation or otherwise.

5.8 Certain Financing Matters.

(a) Prior to the Closing (or the date on which the Closing would occur but for a breach of this Section 5.8(a)), the Sellers will use commercially reasonable efforts to either (1) procure from the lenders under the Credit Facility, at Buyer's expense, a written waiver, in form and substance reasonably satisfactory to Buyer and the Sellers, that (A) will permit the transactions contemplated by this Agreement to be consummated without an event of default or acceleration thereunder being caused thereby and (B) will permit the sale and transfer of the Purchased Interests and the contribution of the Contributed Interests to Buyer as contemplated by this Agreement and the receipt by the Sellers of the Purchase Price therefor free and clear of any Liens or other restrictions; or (2) cooperate with Buyer to obtain refinancing of all of the Partnership's existing indebtedness for borrowed money under the Credit Facility to the extent such indebtedness would otherwise be subject to acceleration upon consummation of the Closing absent the consent and waiver described in clause (1).

(b) After the Closing (or the date on which the Closing would occur but for a breach of this Section 5.8(b)), Buyer will use commercially reasonable efforts to take all actions required or permitted under the Senior Indenture, in form and substance reasonably satisfactory to the Sellers, that will permit the transactions contemplated by this Agreement to be consummated without an event of default or acceleration thereunder being caused thereby. Without limiting the foregoing, Buyer will make a change of control repurchase offer and take all other steps as may be required under the Senior Indenture following the Closing.

(c) Prior to the Closing, the Sellers shall cause the Partnership to use commercially reasonable efforts to make effective the registration statement with respect to the 8% Senior Notes due 2009 and the 9 1/4% Senior Discount Notes due 2009 of Bresnan Communications Group LLC.

(d) Buyer understands that consummation of the transactions contemplated by this Agreement requires the prior consent of the lenders under the Credit Facility, and in the absence of such consent, Buyer would have to cause the Partnership and/or the Subsidiaries to refinance such facility at Closing and, subject to Section 5.8(a), no Seller will be responsible for the failure to obtain such consent or to effect such refinancing, which shall be Buyer's responsibility to obtain. Buyer understands that the consummation of the transactions contemplated by this Agreement will constitute a "change of control" under the Senior Indenture and as a result, a repurchase offer must be made following the Closing in accordance with the requirements of the Senior Indenture.

5.9 Consent and Agreements of Sellers and Buyer.

(a) Each Seller consents to the execution, delivery, and performance of this Agreement by each Seller and to the taking by each Seller and the Partnership of all actions contemplated by this Agreement to be taken by such Person, including the sale of the Purchased Interests and the contribution of the Contributed Interests by each Seller to Buyer.

(b) At or prior to the Closing, each of the Sellers and the Partnership will enter into the Fourth Amendment to Contribution Agreement attached hereto as Exhibit C.

(c) TCID-MI, TCI LLC and their Affiliates may amend the Keepwell Agreement in their sole discretion at any time at or prior to the Closing, provided that no such amendment shall give rise to any obligations or liability of the Partnership or any Subsidiary post-closing.

(d) At or prior to the Closing, the Partnership may sell, transfer or distribute the Excluded Assets described on Schedule 5.9 for such consideration or no consideration and on such terms as the Sellers may determine; provided, however, that the Sellers shall cause the Partnership, its Subsidiaries and the Partnership Systems to have no obligations or liabilities after the Closing Date with respect to the Excluded Assets which are Contracts.

(e) For a period of 180 days after the Closing, the Partnership will be entitled to use the trademarks, trade names, service marks, service names, logos and similar proprietary rights included in the Excluded Assets (the "Excluded Rights") to the extent incorporated in or on the Partnership Assets at the Closing on a royalty-free basis, provided that Buyer will cause the Partnership to exercise commercially reasonable efforts to remove all Excluded Rights (except to the extent otherwise permitted by the Seller to which such Excluded Rights are distributed) from the Partnership Assets as soon as reasonably practicable, and in any event within 180 days following the Closing. Notwithstanding the foregoing, nothing in this Section will require Buyer or the Partnership post-closing to remove or discontinue using any Excluded Rights embodied in a mark or logo that is affixed to converters or other items in or to be used in customer homes or properties, or as are used in a similar fashion making such removal or discontinuation impracticable.

(f) Buyer covenants that, after the Closing, it shall not take any action or cause or permit any of its Affiliates to take any action that would result in a name change of the "Bresnan Arena" located in Mankato, Minnesota, as provided in that Exclusive Naming Agreement dated January 31, 1999, between Mankato State University and the Partnership.

5.10 WARN Act. Buyer will not, on or within 90 days after the Closing Date, permit the Partnership to effectuate a "plant closing" or "mass layoff" resulting in "employment loss" at any of the employment sites of the Partnership (as those terms are defined in the WARN Act).

5.11 Programming and Other Commitments. The SSI Supply Agreement shall be terminated concurrently with the Closing without any further action by the parties. Buyer agrees that the Partnership and the Subsidiaries will be bound by the programming and other commitments described on Exhibit B from and after the Closing.

5.12 401(k) Plans. The Partnership is the sponsor or participating employer in a retirement plan qualified under Code section 401(a) that contains a cash or deferred arrangement under Code section 401(k) (hereinafter referred to as the "Bresnan Plan") and Bresnan Communications, Inc. ("BCI") is a participating employer in such plan. If, as of the Closing Date, BCI is still a participating employer in the Bresnan Plan, then, effective as of the Closing, BCI shall cease participation in the Bresnan Plan and no contributions shall be made to the Bresnan Plan with respect any of BCI's employees for compensation earned after the Closing. If, as of the Closing Date, any active employee or employees of BCI shall have account balances in the Bresnan Plan, then, as soon as practicable following the Closing Date, Buyer shall cause the trustee of the Bresnan Plan to transfer to the trustee of a successor plan established by BCI (the "Successor Plan") cash and/or assets, including plan loan obligations, equal to the value of the account balances of each of such BCI's employees under the Bresnan Plan as of the last valuation date immediately preceding the transfer date, which amount shall be credited to the respective account or accounts under the Successor Plan. Notwithstanding the foregoing, the amount so transferred with respect to any employee of BCI shall be reduced by any withdrawals and other distributions made from the Bresnan Plan to such employee between such valuation date and such transfer date.

5.13 Notification of Certain Matters. Buyer will promptly notify the Sellers in writing of any fact, event, circumstance, action or omission of which Buyer obtains knowledge the existence or occurrence of (i) which if known at the date of this Agreement would have been required to be disclosed by Seller in or pursuant to this Agreement and (ii) the existence, occurrence or taking of which would result in the condition set forth in Section 6.1(a) not being satisfied at Closing.

5.14 Offers. No Seller (and, where applicable, such Seller's directors, officers, employees, representatives and agents) shall directly or indirectly, (i) offer its Partnership Interest, the Partnership Assets or the Partnership's Business for sale, (ii) solicit, encourage or entertain offers for such Partnership Interest, Partnership Assets or the Partnership's Business, (iii) initiate negotiations or discussions for the sale of such Partnership Interest, Partnership Assets or the Partnership's Business or (iv) make information about such Partnership Interest, Partnership Assets or the Partnership's Business available to any Third Party in connection with the possible sale of such Partnership Interest, Partnership Assets or the Partnership's Business prior to the Closing Date or the date this Agreement is terminated in accordance with its terms.

5.15 Buyer Acquisition Documents. Upon execution of any material amendments or modifications to the purchase agreement and/or other acquisition documents in connection with or relating to any of the Pending Buyer Acquisitions, Buyer shall promptly deliver to Sellers a true and complete copy of any such amendment or modification. In addition, Buyer shall promptly deliver to the Sellers any information reasonably requested by the Sellers regarding the Pending Buyer Acquisitions. Upon execution of any purchase agreement and/or other acquisition documents to acquire, directly or indirectly, majority or other equity interests in, or the operating business of, any Person other than the Pending Buyer Acquisitions (a "Subsequent Buyer Acquisition"), Buyer shall promptly deliver to the Sellers (i) true and complete copies of the purchase agreement and/or other acquisition documents in connection with or relating to such Subsequent Buyer Acquisition, (ii) copies of the most recent audited (and, if later, or, if audited statements are not available, unaudited) financial statements of the Person which is the subject of such Subsequent Buyer Acquisition and (iii) other information reasonably requested by the Sellers regarding such Subsequent Buyer Acquisition. In each case, Buyer's obligations under this Section 5.15 shall be subject to reasonable confidentiality restrictions; provided that Buyer uses commercially reasonable efforts to secure a waiver of such restrictions.

5.16 Other Agreements.

(a) Buyer and Sellers shall negotiate in good faith (i) within 90 days after the date hereof, the definitive Operating Agreement to be effective upon the Closing in accordance with the terms set forth on Exhibit E and such additional terms as Buyer and the Sellers may mutually agree and (ii) within 30 days after the date hereof, the definitive Exchange Agreement in accordance with the terms set forth on Exhibit F and such additional terms as Buyer and Sellers may mutually agree. If Buyer and the Sellers do not agree on a definitive Operating Agreement and/or a definitive Exchange Agreement prior to the Closing, the terms set forth in Exhibits E and F, respectively, shall be binding on each of Buyer and the Sellers.

(b) Prior to the Closing and issuance of the Equity Consideration to the Sellers, Buyer shall not dispose of its assets other than in the ordinary course of its business or other than for fair market value.

(c) If the entity defined as "Charter" in the Registration Rights Agreement ("PublicCo") is formed prior to the Closing, Buyer shall cause PublicCo to execute and deliver the Registration Rights Agreement and the Exchange Agreement at the Closing. If PublicCo is formed after the Closing, Buyer will cause PublicCo to execute and deliver the Registration Rights Agreement and the Exchange Agreement at the time of the formation of PublicCo.

(d) Concurrently with the delivery of this Agreement, Vulcan Ventures, Inc., an Affiliate of Buyer controlled by Paul G. Allen, has delivered into escrow a Put Agreement with respect to each Seller, in the form attached as Exhibit H (the "Vulcan Puts"). Buyer shall cause Paul G. Allen to deliver to an escrow agent reasonably acceptable to the Sellers no later than two weeks after the date of this Agreement pursuant to escrow instructions mutually acceptable to the parties, a Put Agreement with respect to each Seller, in the form attached as Exhibit H, duly executed by Paul G. Allen or his attorney-in-fact (conformed copies of which will be delivered to the Sellers). Upon such delivery, the Vulcan Puts shall be terminated and of no further force or effect. In the event any Put Agreement is executed by an attorney-in-fact of Paul G. Allen, Buyer shall deliver to the Sellers, concurrently with the delivery of such Put Agreement and again at Closing, a legal opinion of legal counsel reasonably acceptable to the Sellers, in form and substance satisfactory to the Sellers, confirming that such attorney-in-fact is duly empowered under a power of attorney that is in full force and effect to bind Paul G. Allen under the terms of the Put Agreements executed by such attorney-in-fact.

(e) Buyer shall deliver to each of TCID-MI and TCI LLC on the Closing Date, a TCI Put Agreement in the form attached as Exhibit J, duly executed by Buyer.

5.17 Restructuring of the Partnership. At the election of Buyer, the Sellers will, and will cause the Partnership to, cooperate in good faith with Buyer in effecting a restructuring of the Partnership immediately prior to Closing, as a result of which the Partnership will be merged into or succeeded by a limited liability company. Such restructuring will be at the direction of, and at the sole expense of, Buyer; provided that none of the Sellers will be required to undertake any actions that would, or could reasonably be expected to (as determined by the affected Seller): (i) have an adverse economic effect or any other material adverse effect on such Seller or any of its Affiliates, unless Buyer makes such Seller or its Affiliates whole, or (ii) delay the Closing. If Buyer does not elect to so restructure the Partnership, it will acquire the Purchased Interests and the Contributed Interests in such a manner so as not to cause a dissolution of the Partnership under state law.

ARTICLE 6 CONDITIONS TO OBLIGATIONS OF BUYER AND SELLERS

6.1 Conditions to Buyer's Obligations. The obligations of Buyer to consummate the transactions contemplated by this Agreement are subject to the satisfaction at or before the Closing of the following conditions, any of which may be waived by Buyer.

(a) Accuracy of Representations and Warranties. The representations and warranties of each Seller in this Agreement and in any Transaction Document, without giving effect to any references to or qualifications based on Material Adverse Effect or materiality contained therein, shall be true, complete and correct in all respects, at and as of the Closing with the same effect as if made at and as of the Closing, except for any representation or warranty which is made as of a specified date, which representation or warranty shall be so true and correct as of such specified date; provided, this condition will be deemed satisfied if all such untrue or incorrect representations and warranties in the aggregate, do not have a Material Adverse Effect.

(b) Performance of Agreements. Each Seller 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 Closing.

(c) Deliveries. Each Seller shall have delivered the items and documents required to be delivered by it pursuant to this Agreement, including those required under Section 7.2.

(d) Legal Proceedings. No Judgment shall have been entered and not vacated by any Governmental Authority or arbitration tribunal and no Legal Requirement shall have been enacted, promulgated or issued or become or deemed applicable to any of the transactions contemplated by this Agreement by any Governmental Authority or arbitration tribunal, which would prevent or make illegal the purchase and sale of the Purchased Interests or the contribution of the Contributed Interests as contemplated by this Agreement.

(e) Franchise Required Consents. The aggregate number of Scheduled Subscribers in the Service Areas and the Acquisition Agreement Services Areas set forth on Schedule 6.1 that are, as of the Adjustment Time, Transferable Service Areas shall be at least 90% of the total Scheduled Subscribers; provided that Schedule 6.1 shall be amended from time to time as necessary to reflect all Acquisition Agreement Service Areas that are the subject of any pending Acquisition Agreements which have not been terminated.

(f) Other Required Consents. Seller shall have received evidence, in form and substance reasonably satisfactory to it, that the Required Consents marked with an asterisk on Schedule 3.2 have been obtained in accordance with this Agreement.

(g) No Material Adverse Change. Since December 31, 1998, no event has occurred which has had a Material Adverse Effect or has occurred which is reasonably likely to result in a Material Adverse Effect (for purposes of this paragraph a reduction in Equivalent Basic Subscribers shall not constitute by itself a Material Adverse Effect).

(h) Subscriber Adjustment. The Subscriber Adjustment (as reasonably estimated by the Sellers in the Preliminary Closing Statement) shall not be greater than $310,000,000.

(i) HSR Act Waiting Period. All necessary pre-merger notification filings required under the HSR Act will have been made with the FTC and the Antitrust Division and the prescribed waiting periods (and any extensions thereof) will have expired or been terminated.

6.2 Conditions to Sellers' Obligations. The obligations of the Sellers to consummate the transactions contemplated by this Agreement are subject to the satisfaction at or before the Closing of the following conditions, any of which may be waived if all Sellers so agree.

(a) Accuracy of Representations and Warranties. The representations and warranties of Buyer in this Agreement and in any Transaction Document, without giving effect to any references to or qualifications based on Material Adverse Effect or materiality contained therein, shall be true, complete and correct in all respects, at and as of the Closing with the same effect as if made at and as of the Closing, except for any representation or warranty which is made as of a specified date, which representation or warranty shall be so true and correct as of such specified date; provided, this condition will be deemed satisfied if all such untrue or incorrect representations and warranties in the aggregate, do not have a material adverse effect on the ability of Buyer to perform its obligations under this Agreement.

(b) Performance of Agreements. Buyer 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 Closing.

(c) Deliveries. Buyer shall have delivered the items and documents required to be delivered by it pursuant to this Agreement, including those required under Section 7.3.

(d) Legal Proceedings. No Judgment shall have been entered and not vacated by any Governmental Authority or arbitration tribunal and no Legal Requirement shall have been enacted, promulgated or issued or become or deemed applicable to any of the transactions contemplated by this Agreement by any Governmental Authority or arbitration tribunal, which would prevent or make illegal the purchase and sale of the Purchased Interests or the contribution of the Contributed Interests contemplated by this Agreement.

(e) Subscriber Adjustment. Either (1) the Subscriber Adjustment (as reasonably estimated by the Sellers in the Preliminary Closing Statement) shall not be greater than $310,000,000, or (2) Buyer shall have waived its right to the Subscriber Adjustment in excess of $310,000,000.

(f) Debt. The consummation of the Closing will not constitute (or would not, with notice or passage of time or both, constitute) a default under the Credit Facility, Senior

Indenture or any related instruments, agreements or documents, unless such default shall have been waived or the debt under which such default would occur has been refinanced.

(g) HSR Act Waiting Period. All necessary pre-merger notification filings required under the HSR Act will have been made with the FTC and the Antitrust Division and the prescribed waiting periods (and any extensions thereof) will have expired or been terminated.

ARTICLE 7 CLOSING AND CLOSING DELIVERIES

7.1 The Closing; Time and Place. Subject to the terms and conditions of this Agreement, the Closing shall be held at the offices of Irell & Manella LLP, in Los Angeles, California, at 10:00 a.m., local time, on the Business Day 10 days after the conditions set forth in Sections 6.1(e) and 6.1(f) shall have been satisfied or waived (provided that each Party shall have at least five days' prior notice of the scheduled Closing Date in order to prepare for the Closing), but in no event prior to February 3, 2000, or if the other conditions set forth in Article 6 (other than Sections 6.1(c) and 6.2(c)) are not then satisfied, on the earliest date thereafter when such conditions are satisfied, or at such other place, date and time as may be mutually agreed upon by the Parties. The transactions to be consummated at Closing shall be deemed to have been consummated as of 11:59 p.m., Eastern Time, on the Closing Date. The "Closing Date" is the date on which the Closing occurs.

7.2 Deliveries by Sellers. Prior to or at the Closing, Sellers shall deliver or cause to be delivered to Buyer the following:

(a) Purchased Interests and Contributed Interests. Assignment agreements providing for the assignment of the Purchased Interests and the Contributed Interests to Buyer, in a form reasonably satisfactory to Buyer.

(b) Seller's Certificate. A certificate executed by each Seller, dated as of the Closing Date, certifying that the closing conditions specified in Sections 6.1(a) and (b) have been satisfied as to such Seller, except as disclosed in such certificate. Such certificate will merge into the Closing and will not give rise to any claim against any Seller.

(c) Consents. Copies of all Required Consents which have been obtained by the Sellers or the Partnership prior to the Closing.

(d) Lien Releases. The Sellers shall have delivered to Buyer at or prior to the Closing evidence reasonably satisfactory to Buyer that all Liens, if any, affecting or encumbering the Purchased Interests and the Contributed Interests have been terminated, released or waived, as appropriate, or original executed instruments in form reasonably satisfactory to Buyer effecting such terminations, releases or waivers.

7.3 Deliveries by Buyer. Prior to or at the Closing, Buyer shall deliver to Sellers the following:

(a) Estimated Purchase Price. The Estimated Purchase Price for the Purchased Interests will be paid to the Sellers by wire or accounts transfer of immediately available funds to accounts designated by the Sellers by written notice to Buyer not less than two Business Days prior to the Closing.

(b) Equity Consideration. Assignment agreements providing for the assignment of the Equity Consideration to the Sellers, in a form reasonably satisfactory to the Sellers.

(c) Buyer's Certificate. A certificate executed by Buyer, dated as of the Closing Date, certifying that the closing conditions specified in Sections 6.2(a) and (b) have been satisfied as to Buyer, except as disclosed in such certificate. Such certificate will merge into the Closing and will not give rise to any claim against Buyer.

(d) Exchange Agreement. Subject to Section 5.16, the Exchange Agreement, in the form attached as Exhibit F, duly executed by Buyer and PublicCo.

(e) Registration Rights Agreement. The Registration Rights Agreement, in the form attached as Exhibit G, duly executed by PublicCo.

(f) Legal Opinion. The legal opinion (if any) required to be delivered under Section 5.16(d).

(g) Release of Escrow. Such notice or agreement as may be required to cause the escrow agent described in Section 5.16(d) to release the Put Agreements held by such escrow agent and deliver such Put Agreements to the Sellers, and such Put Agreements shall be in full force and effect without any default thereunder and in the form delivered to the Sellers as conformed copies under Section 5.16(d).

(h) TCI Put Agreements. The TCI Put Agreements, duly executed by Buyer.

ARTICLE 8 TERMINATION.

8.1 Termination by Agreement. This Agreement may be terminated at any time prior to the Closing by mutual agreement among the Sellers and Buyer.

8.2 Termination by the Sellers. This Agreement may be terminated at any time prior to the Closing by the Sellers and the purchase and sale of the Purchased Interests and contribution of the Contributed Interests abandoned, upon written notice to Buyer, upon the occurrence of any of the following:

(a) Uncured Breach. Prior to the Closing (if the Seller exercising such termination right is not then in material breach of any of its obligations contained in this Agreement), if Buyer is in material breach or default of any of its obligations in this Agreement, or if any of its representations in this Agreement is not true and correct, in either case in such a manner that would cause the conditions contained in Sections 6.2(a) or 6.2(b) not to be met if such breach, default, or other condition were not cured prior to Closing, if Sellers provide Buyer with prompt written notice that provides a reasonably detailed explanation of the facts and circumstances surrounding such breach or default; provided that Sellers shall have no right to terminate if (i) Buyer cures such breach or default within 30 days after its receipt of such written notice, unless such breach or default cannot be cured within such 30-day period; or (ii) the breach or default is capable of being cured prior to the Closing Date and Buyer commences to cure such breach or default within such 30-day period and diligently continues to take all action reasonably necessary to cure such breach or default prior to the Closing Date and such breach or default is cured prior to the Closing Date; provided, however, that if such breach is not cured prior to the Upset Date, the Sellers will have the right to terminate this Agreement under Section 8.2(c).

(b) Failure to Deliver Letter Regarding Delivery of the Put Agreements. If, within two weeks after the date of this Agreement, Buyer has not satisfied the delivery requirements contained in Section 5.16(d).

(c) Conditions. If the Closing shall not have occurred on any date designated therefor pursuant to Section 7.1 solely because Buyer has refused to consummate the Closing and all of the conditions set forth in Section 6.1 had been satisfied as of such date (or would have been satisfied by actions to be taken at the Closing).

(d) Upset Date. If the Closing shall not have occurred on or prior to the Upset Date, unless the failure of the Closing to occur was principally caused by any Seller's failure to act in good faith or a breach of its obligations in accordance with the terms of this Agreement.

8.3 Termination by Buyer. This Agreement may be terminated at any time prior to the Closing by Buyer and the purchase and sale of the Purchased Interests and contribution of the Contributed Interests abandoned, upon written notice to the Sellers, upon the occurrence of any of the following:

(a) Uncured Breach. Prior to the Closing (if Buyer itself is not then in material breach of any of its obligations contained in this Agreement), if any Seller is in material breach or default of any of its obligations in this Agreement, or if any of its representations in this Agreement is not true and correct, in either case in such a manner that would cause the conditions contained in Sections 6.1(a) or 6.1(b) not to be met if such breach, default or other condition were not cured prior to Closing, if Buyer provides the breaching Seller with prompt written notice that provides a reasonably detailed explanation of the facts and circumstances surrounding such breach or default; provided that Buyer shall have no right to terminate if (i) the breaching Seller cures such breach or default within 30 days after its receipt of such written notice, unless such breach or default cannot be cured within such 30-day period; or (ii) the breach or default is capable of being cured prior to the Closing Date and the breaching Seller commences to cure such breach or default within such 30-day period and diligently continues to take all action reasonably necessary to cure such breach or default prior to the Closing Date and such breach or default is cured prior to the Closing Date; provided, however, that if such breach is not cured prior to the Upset Date, Buyer will have the right to terminate this Agreement under Section 8.3(c).

(b) Conditions. If the Closing shall not have occurred on any date designated therefor pursuant to Section 7.1 solely because any Seller has refused to consummate the Closing and all of the conditions set forth in Section 6.2 had been satisfied as of such date (or would have been satisfied by actions to be taken at the Closing).

(c) Upset Date. If the Closing shall not have occurred on or prior to the Upset Date, unless the failure of the Closing to occur was principally caused by Buyer's failure to act in good faith or a breach of its obligations in accordance with the terms of this Agreement.

8.4 Effect of Termination. If this Agreement is terminated as provided in this Article 8, then this Agreement will forthwith become null and void and there will be no liability on the part of any party hereto to any other party hereto or any other Person in respect thereof, provided that:

(a) Surviving Obligations. The obligations of the parties described in Sections 5.4, 8.4 and 9.1 (and all other provisions of this Agreement relating to expenses) will survive any such termination.

(b) Withdrawal of Applications. All filings, applications and other submissions relating to the transfer of the Purchased Interests and the Contributed Interests shall, to the extent practicable, be withdrawn from the Governmental Authority or other Person to whom made.

(c) Breach by Buyer. No such termination will relieve Buyer from liability for breach of its obligations under this Agreement, and in such event the Sellers shall have all rights and remedies available at law or equity, including the right of specific performance against Buyer.

(d) Breach by the Sellers. No such termination will relieve any Seller from liability for breach of its obligations under this Agreement, and in such event Buyer shall have all rights and remedies available at law or equity, including the remedy of specific performance against such breaching Seller.

8.5 Attorneys' Fees. Notwithstanding any provision in this Agreement that may limit or qualify a party's remedies, in the event of a default by any party that results in a lawsuit or other proceeding for any remedy available under this Agreement, the prevailing party shall be entitled to reimbursement from the defaulting party of its reasonable legal fees and expenses (whether incurred in arbitration, at trial, or on appeal).

9.1 Fees and Expenses. Except as otherwise provided in this Agreement, each party shall pay its own expenses incurred in connection with the authorization, preparation, execution, and performance of this Agreement, including all fees and expenses of counsel, accountants, agents, and representatives.

9.2 Notices. All notices, demands, and requests required or permitted to be given under the provisions of this Agreement shall be in writing, may be sent by telecopy (with automatic machine confirmation), delivered by personal delivery, or sent by commercial delivery service or certified mail, return receipt requested, shall be deemed to have been given on the date of actual receipt, which may be conclusively evidenced by the date set forth in the records of any commercial delivery service or on the return receipt, and shall be addressed to the recipient at the address specified below, or with respect to any party, to any other address that such party may from time to time designate in a writing delivered in accordance with this Section 9.2:

If to Buyer:	c/o Charter Communications, Inc. 12444 Powerscourt Drive, Suite 400 St. Louis, Missouri 63131 Attention: Curtis S. Shaw, Esq. Telecopier: (314) 965-8793
with a copy (which shall not constitute notice) to:	Irell & Manella LLP 1800 Avenue of the Stars, Suite 900 Los Angeles, California 90067 Attention: Alvin G. Segel, Esq. Telecopier: (310) 203-7199
If to the General Partners or WBresnan:	c/o Bresnan Communications, Inc. 709 Westchester Avenue White Plains, New York 10604 Attention: Jeffrey S. DeMond and Robert V. Bresnan, Esq. Telecopier: (914) 993-6601

With a copy (which shall not constitute notice) to:	Paul, Hastings, Janofsky & Walker LLP 399 Park Avenue New York, New York 10022 Attention: Marie Censoplano, Esq. Telecopier: (212) 319-4090
If to BBC, BBCO or BFI:	c/o The Blackstone Group 345 Park Avenue New York, New York 10154 Attention: Simon Lonergan Telecopy: (212) 583-5710
with a copy (which shall not constitute notice) to:	Simpson Thacher & Bartlett 425 Lexington Avenue New York, New York 10017-3954 Attention: Wilson Neely, Esq. Telecopier: (212) 455-2502
If to TCID-MI or TCI LLC:	c/o AT&T Broadband & Internet Services 9197 South Peoria Street Englewood, Colorado 80112 Attention: Derek Chang Telecopier: (720) 875-5396
with a copy (which shall not constitute notice) to:	Sherman & Howard, L.L.C. 633 Seventeenth Street Suite 3000 Denver, Colorado 80202 Attention: Arlene S. Bobrow, Esq. Telecopier: (303) 299-8140

9.3 Benefit and Binding Effect. Neither this Agreement nor any of the rights or obligations hereunder may be assigned by any Party hereto without the prior written consent of each other Party, except that Buyer may assign its rights and obligations under this Agreement to an Affiliate of Buyer 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. Subject to the foregoing, this Agreement shall be binding upon and inure to the benefit of the Parties hereto and their respective heirs, legal representatives, successors and permitted assigns. This Agreement shall be for the sole benefit of the Parties hereto and their respective heirs, successors, permitted assigns and legal representatives and is not intended, nor shall be construed, to give any Person, other than the Parties hereto and their respective heirs, successors, assigns and legal representatives, any legal or equitable right, remedy or claim hereunder.

9.4 Further Assurances. After the Closing the parties shall take any actions and execute any other documents that may be necessary or desirable to the implementation and consummation of this Agreement upon the reasonable request of the other party, at the expense of the requesting party. TCI shall further use commercially reasonable efforts to cooperate with the Partnership to obtain any material consents that were required to be obtained by TCI prior to the closing under the Contribution Agreement that have not yet been obtained and to execute any documents that may be necessary or desirable to evidence the transfer of assets to the Partnership pursuant to the Contribution Agreement.

9.5 GOVERNING LAW. THIS AGREEMENT SHALL BE GOVERNED, CONSTRUED, AND ENFORCED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK (WITHOUT REGARD TO THE CHOICE OF LAW PROVISIONS THEREOF).

9.6 Entire Agreement. This Agreement and the Exhibits hereto, the Disclosure Letter and the other Transaction Documents to be delivered by the parties pursuant to this Agreement, collectively represent the entire understanding and agreement between Buyer and Sellers with respect to the subject matter of this Agreement and supersedes all prior agreements, understandings and negotiations between the parties.

9.7 Amendments; Waiver of Compliance. This Agreement may be amended and any provision of this Agreement may be waived; provided that any such amendment or waiver (a) will be binding upon a Seller only if such amendment or waiver is set forth in a writing executed by such Seller, and (b) will be binding upon Buyer only if such amendment or waiver is set forth in a writing executed by Buyer. No waiver shall operate as a waiver of, or estoppel with respect to, any subsequent or other matter not expressly waived.

9.8 Counterparts. This Agreement may be signed in counterparts with the same effect as if the signature on each counterpart were upon the same instrument.

9.9 Rights Cumulative. All rights and remedies of each of the parties under this Agreement will be cumulative, and the exercise of one or more rights or remedies will not preclude the exercise of any other right or remedy available under this Agreement or applicable law.

9.10 Survival.

(a) Covenants and Agreements. Sections 5.16(d), 5.16(e), 7.3(g) and 7.3(h) and all covenants and agreements contained in this Agreement which by their terms are to be performed after the Closing shall survive the Closing and shall survive until performed in full, including all such covenants and agreements contained in Article 2, and Sections 5.7, 5.8(b), 5.9(e), 5.11 and 9.1.

(b) Representations and Warranties of the Sellers. The representations and warranties of the Sellers contained in Article 3 of this Agreement (other than the representations and warranties contained in Sections 3.1(b), 3.1(c), 3.1(d), 3.2(a) and 3.14 which shall survive the

Closing until the expiration of the applicable statute of limitations) shall expire as of the Closing Date and shall not survive the Closing.

(c) Representations and Warranties of Buyer. The representations and warranties of Buyer contained in Article 4 of this Agreement (other than the representations and warranties contained in Sections 4.4, 4.5 and 4.6, which shall survive the Closing until the expiration of the applicable statute of limitations) shall expire as of the Closing Date and shall not survive the Closing.

(d) Acknowledgment by Buyer. Buyer understands that the representations and warranties of the Sellers contained in this Agreement will not survive the Closing (except as expressly set forth in Section 9.10(b)) and constitute the sole and exclusive representations and warranties of the Sellers to Buyer in connection with the transactions contemplated hereby. BUYER UNDERSTANDS, ACKNOWLEDGES AND AGREES THAT ALL OTHER REPRESENTATIONS AND WARRANTIES OF ANY KIND OR NATURE EXPRESSED OR IMPLIED (INCLUDING WARRANTIES OF MERCHANTABILITY OR FITNESS FOR PURPOSE AND ANY WARRANTIES RELATING TO THE FUTURE OR HISTORICAL FINANCIAL CONDITION, RESULTS OF OPERATIONS, ASSETS OR LIABILITIES OF THE PARTNERSHIP) ARE SPECIFICALLY DISCLAIMED BY THE SELLERS. Buyer has conducted its own inspection of the Partnership's Business and the Partnership Systems to its own satisfaction and has independently investigated, analyzed and appraised the condition, value, prospects, and profitability thereof and the risks associated therewith.

(e) Acknowledgment by the Sellers. Each Seller understands that the representations and warranties of Buyer contained in this Agreement will not survive the Closing (except as expressly set forth in this Section 9.10) and constitute the sole and exclusive representations and warranties of Buyer to the Sellers in connection with the transactions contemplated hereby, and each Seller understands, acknowledges and agrees that all other representations and warranties of any kind or nature expressed or implied are specifically disclaimed by Buyer.

9.11 Limitation of Recourse against Sellers.

(a) Following the Closing, in the absence of its own actual fraud, no Seller shall have any liability or obligation to indemnify or otherwise hold harmless Buyer or the Partnership (or any of their successors or permitted assigns) for any claim or any loss or liability arising from or in any way relating to this Agreement or any of the transactions contemplated hereby (including any misrepresentation or inaccuracy in, or breach of, any representations or warranties (other than the representations or warranties contained in Sections 3.1(b), 3.1(c), 3.1(d), 3.2(a) and 3.14) or any breach or failure in performance prior to the Closing of any covenants or agreements made by the Sellers, or any of them, in this Agreement or in any exhibit or the Schedules hereto or any certificate or instrument delivered hereunder), and neither Buyer nor the Partnership (or any of their successors or permitted assigns) shall be entitled to bring any claim based on, relating to or arising out of any of the foregoing against any Seller (or any of their respective employees, directors, officers, attorneys, agents or representatives). Without limiting the generality of the foregoing, in the absence of actual fraud, neither Buyer nor its respective successors or permitted assigns shall be entitled to seek any rescission of the transactions consummated under this Agreement or other remedy at law or in equity. Notwithstanding the foregoing, this Section 9.11 shall not preclude Buyer from making any claim in respect of a breach of any representation, warranty, covenant or agreement which survives the Closing or any claim under the assignments delivered at the Closing or is contained in the Equity Agreements, which shall each be governed by its respective terms. Buyer agrees that, notwithstanding any other provision of this Agreement or any Transaction Document, and any rule of law or equity to the contrary, the Sellers' obligations and liabilities under this Agreement and the other Transaction Documents shall be nonrecourse to all direct and indirect stockholders, general and limited partners and members of the Sellers and to their successors and assigns and to all of their respective officers, directors, shareholders, employees, and agents, and none of the foregoing (except to the extent (i) it is a Seller (ii) of its interests in the assets of such Seller and (iii) any distribution which has been received by it and which is required by applicable law to be returned, directly or indirectly, to such Seller) shall have any obligation or liability to Buyer arising out of or in connection with the transactions contemplated by this Agreement and the other Transaction Documents.

(b) The Sellers shall not be jointly and severally liable to Buyer under this Agreement. Except as set forth below with respect to Sections 2.1, 3.1(b), 3.1(c), 3.2, 3.10(b) and 3.19, each Seller will be liable to Buyer solely for such Seller's Proportionate Interest of any liability or obligation owed to Buyer by any Seller hereunder (regardless of whether such liability or obligation is attributable to any particular Seller). Buyer waives all recourse against each Seller for claims in excess of such Proportionate Interest. Solely with respect to the obligations set forth in Section 2.1 or the representations and warranties set forth in Sections 3.1(b), 3.1(c), 3.2, 3.10(b) and 3.19, each Seller will be fully responsible for its own breach of such obligations or representations and warranties and will have no liability or obligation arising from any other Seller's breach of such obligations or representations and warranties.

9.12 Limitation of Recourse against Buyer. Following the Closing, in the absence of actual fraud, Buyer shall not have any liability or obligation to indemnify or otherwise hold harmless the Sellers or the Partnership (or any of their successors or permitted assigns) for any claim or any loss or liability arising from or in any way relating to this Agreement or any of the transactions contemplated hereby (including any misrepresentation or inaccuracy in, or breach of, any representations or warranties (other than the representations or warranties contained in Sections 4.5 and 4.6) or any breach or failure in performance prior to the Closing of any covenants or agreements made by Buyer in this Agreement or in any exhibit or the Schedules hereto or any certificate or instrument delivered hereunder), and neither the Sellers nor any of their successors or permitted assigns shall be entitled to bring any claim based on, relating to or arising out of any of the foregoing against Buyer or the Partnership (or any of Buyer's or the Partnership' employees, directors, agents or representatives). Without limiting the generality of the foregoing, in the absence of actual fraud, neither the Sellers nor their respective successors or permitted assigns shall be entitled to seek any rescission of the transactions consummated under this Agreement or other remedy at law or in equity. Notwithstanding the foregoing, this Section 9.12 shall not preclude the Sellers from making any claim in respect of a breach of any representation, warranty, covenant or agreement which survives the Closing or is contained in the Equity Agreements, which shall each be governed by its respective terms. Concurrently with the execution of this Agreement, Charter Communications, Inc. has delivered to the Sellers a performance guaranty with respect to the terms of this Agreement (the "Purchase Guaranty"). Each Seller agrees that, notwithstanding any other provision of this Agreement or any Transaction Document, and any rule of law or equity to the contrary, and except as set forth in the Purchase Guaranty and the Equity Agreements, Buyer's obligations and liabilities under this Agreement and the other Transaction Documents shall be nonrecourse to all direct and indirect general and limited partners of Buyer and to their successors and assigns and to all of their respective officers, directors, shareholders, employees, and agents, and none of the foregoing (except to the extent (i) of its interests in the assets of Buyer and (iii) any distribution which has been received by it and which is required by applicable law to be returned, directly or indirectly, to Buyer) shall have any obligation or liability to any Seller arising out of or in connection with the transactions contemplated by this Agreement and the other Transaction Documents.

9.13 Specific Performance. Each of the parties acknowledges and agrees that the other party would be damaged irreparably in the event any of the provisions of this Agreement are not performed in accordance with their specific terms or otherwise are breached. Accordingly, each party agrees that the other party shall be entitled to an injunction or injunctions to prevent breaches of the provisions of this Agreement and to enforce specifically this Agreement and the terms and provisions hereof in any action instituted in any court of the United States or any state thereof having jurisdiction over the parties and the matter (subject to Section 9.5) without the requirement of posting a bond or other security therefor, in addition to any other remedy to which they may be entitled, at law or in equity.

9.14 Commercially Reasonable Efforts. For purposes of this Agreement, "commercially reasonable efforts" or "reasonable commercial efforts" will not be deemed to require a party to undertake extraordinary measures, including the initiation or prosecution of legal proceedings or the payment of amounts in excess of normal and usual filing fees and processing fees, if any, or other payments with respect to any contract that are significant in the context of such contract (or are significant on an aggregate basis as to all contracts).

9.15 Construction. This Agreement has been negotiated by the parties and their respective legal counsel, and legal or other equitable principles that might require the construction of this Agreement or any provision of this Agreement against the party drafting this Agreement will not apply in any construction or interpretation of this Agreement.

[REMAINDER OF PAGE INTENTIONALLY BLANK;
SIGNATURES ON FOLLOWING PAGES]

IN WITNESS WHEREOF, this Agreement has been executed by Buyer, the General Partner and the other Sellers as of the date first written above.

BUYER:

CHARTER COMMUNICATIONS HOLDING
COMPANY, LLC

By: /s/ Curtis S. Shaw

Curtis S. Shaw
Senior Vice President

GENERAL PARTNER:

BCI (USA), LLC

By: Bresnan Communications, Inc., its Managing Member

By: /s/ William J. Bresnan

Name:
Title: President and CEO

[THIS IS A SIGNATURE PAGE
TO THE PURCHASE AGREEMENT]

OTHER SELLERS:

BCI (USA), LLC

By: Bresnan Communications, Inc., its Managing Member

By: /s/ William J. Bresnan
____
Name:
Title: President and CEO

/s/ William J. Bresnan
____
William J. Bresnan, individually

TCID OF MICHIGAN, INC.

By: /s/ Derek Chang
____
Name:
Title:

TCI BRESNAN LLC

By: /s/ Derek Chang
____
Name:
Title:

[THIS IS A SIGNATURE PAGE
TO THE PURCHASE AGREEMENT]

BLACKSTONE BC CAPITAL PARTNERS L.P.

By: Blackstone Management Associates III L.L.C., its General Partner

By: /s/

Name:
Title:

BLACKSTONE FAMILY INVESTMENT PARTNERSHIP III L.P.

By: Blackstone Management Associates III L.L.C., its General Partner

By: /s/

Name:
Title:

BLACKSTONE BC OFFSHORE CAPITAL PARTNERS L.P.

By: Blackstone Management Associates III L.L.C., its Investment General Partner

By: /s/

Name:
Title:

[THIS IS A SIGNATURE PAGE TO THE PURCHASE AGREEMENT]

EXHIBIT D TO PURCHASE AND CONTRIBUTION AGREEMENT

FORM OF ADJUSTMENT ESCROW AGREEMENT

This ADJUSTMENT ESCROW AGREEMENT (this "Agreement") is dated _____________ 2000, by and among BCI (USA), LLC, a Delaware limited liability company, and William J. Bresnan, Blackstone BC Capital Partners L.P., a Delaware limited partnership, Blackstone BC Offshore Capital Partners L.P., a Cayman Islands exempted limited partnership, Blackstone Family Investment Partnership III L.P., a Delaware limited partnership, and TCID of Michigan, Inc., a Nevada corporation (collectively, the "Sellers"), Charter Communications Holding Company, LLC, a Delaware limited liability company ("Buyer"), and _____________________ ("Escrow Agent").

R E C I T A L S:

Buyer and the Sellers are parties to a Purchase and Contribution Agreement dated as of June ___, 1999 (the "Purchase Agreement"), pursuant to which the Sellers thereunder have agreed to sell, transfer and deliver to Buyer all of the partnership interests in Bresnan Communications Company Limited Partnership, a Michigan limited partnership (the "Partnership") held by the Sellers, for the consideration set forth in the Purchase Agreement. Pursuant to Section 2.4(b) of the Purchase Agreement, Buyer and the Sellers have agreed that $_________ (the "Adjustment Deposit") shall be deposited in escrow with the Escrow Agent as set forth in this Agreement in order to provide a fund which shall be a source for any payment to be made by the Sellers to Buyer pursuant to Section 2.5(b)(1) of the Purchase Agreement, subject to the terms and conditions set forth in the Purchase Agreement. Capitalized terms used, but not defined herein, have the meanings ascribed to such terms in the Purchase Agreement.

In consideration of the above recitals and of the covenants and agreements contained herein, Buyer, the Sellers and Escrow Agent agree as follows:

AGREEMENTS:

SECTION 1: ADJUSTMENT FUND

1.1 Delivery. Buyer hereby delivers to the Escrow Agent, by accounts or wire transfer of immediately available funds to the account designated by the Escrow Agent, the Adjustment Deposit. The Adjustment Fund (as defined herein) shall be held by the Escrow Agent pursuant to the terms of this Agreement. The Adjustment Deposit, and all income, interest and other earnings thereon, shall be referred to collectively herein as the "Adjustment Fund." The Adjustment Fund shall be a source for any payment to be made by the Sellers to Buyer pursuant to Section 2.5(b)(1) of the Purchase Agreement, in each case, subject to the terms, conditions and limitations set forth in the Purchase Agreement.

1.2 Receipt. The Escrow Agent hereby acknowledges receipt of the Adjustment Deposit. The Escrow Agent shall deposit, upon receipt, the Adjustment Deposit into a separate interest bearing account established for such purpose, the sole signatory of which shall be the Escrow Agent. The Escrow Agent agrees to hold and disburse the Adjustment Fund in accordance with the terms and conditions of this Agreement and for the uses and purposes stated herein.

1.3 Investment and Income. Upon receipt of the Adjustment Deposit, the Escrow Agent shall, pending the disbursement thereof pursuant to this Agreement, invest the Adjustment Fund in accordance with the Sellers' instructions in (a) direct obligations of, or obligations fully guaranteed by, the United States of America or any agency thereof, (b) certificates of deposit issued by commercial banks having a combined capital, surplus and undivided profits of not less than Five Hundred Million Dollars ($500,000,000), (c) repurchase agreements collateralized by securities issued by the United States of America or any agency thereof, or by any private corporation the obligations of which are guaranteed by the full faith and credit of the United States of America, (d) prime banker's acceptances, (e) money market funds investing in any of the above, or (f) other investments of equal or greater security and liquidity.

SECTION 2: DISBURSEMENT OF ADJUSTMENT FUND

The Escrow Agent shall dispose of or distribute the Adjustment Fund only in accordance with this Section 2. The procedure set forth in this Section 2 shall govern the application of the Adjustment Fund to satisfy any payment to be made pursuant to Section 2.5(b)(1) of the Purchase Agreement, in each case, as set forth therein. Notwithstanding the foregoing, the basis for claims for such payment, and any limitations thereon, shall be governed by the Purchase Agreement, which shall be controlling between Buyer and the Sellers for all purposes of this Agreement and shall be applicable between Buyer and the Sellers to the extent inconsistent with any provision of this Agreement.

2.1 Disbursement Procedure. All disbursements of the Adjustment Fund under Section 2.5(b)(1) of the Purchase Agreement shall be made by joint written instructions of Buyer and the Sellers, which instructions shall designate the payee, the amount to be paid, and wire or other payment instructions. The Escrow Agent shall not pay any amount of the Adjustment Fund to the Sellers or Buyer, except (i) in accordance with Sections 2.2, 2.5, 2.6 and 6.8 hereof, (ii) pursuant to joint instructions in writing from Buyer and the Sellers under this Section 2.1, or (iii) pursuant to a Court Order (as hereinafter defined).

2.2 Release of Adjustment Fund. Upon receipt of joint instruction under Section 2.1, the Escrow Agent shall promptly make the payment required to be made under such joint instructions by wire transfers of immediately available funds (or as the recipient shall have otherwise instructed the Escrow Agent) in accordance with such joint instructions. Prior to the disbursement of the

Adjustment Fund as specifically provided in this Section 2 and Section 6.8, the Sellers shall have no rights to receive, pledge, borrow or otherwise obtain the benefits of the money or other property constituting the Adjustment Fund.

2.3 Dispute. In the event of any dispute among any of the parties to this Agreement, the Escrow Agent shall not comply with any claims or demands as long as such disagreements may continue, and in so refusing, the Escrow Agent shall make no delivery or other disposition of any property then held by it under this Agreement which is the subject of such dispute until it has received a final judgement or final court order from a court of competent jurisdiction directing disposition of such property (a "Court Order"). A judgment or order under any provision of this Agreement shall not be deemed to be final until the time within which an appeal may be taken therefrom has expired and no appeal has been taken, or until the entry of a judgment or order from which no appeal may be taken.

2.4 Joint Instructions. In the event that the Escrow Agent receives joint instructions in writing from Buyer and the Sellers, such instructions may only be revoked pursuant to further joint instructions in writing of Buyer and the Sellers or a Court Order.

2.5 Other Disbursements of the Adjustment Fund. Notwithstanding the provisions of Sections 2.1 through 2.3 above and Section 2.6 below, the Escrow Agent shall disburse the Adjustment Fund, or a portion thereof, in accordance with the following:

(a) upon receipt of written instructions signed by Buyer and the Sellers in accordance with such instructions; or

(b) in accordance with Section 6.8 of this Agreement.

2.6 Taxes. Buyer shall be deemed to be the owner of the Adjustment Fund for tax purposes. Buyer shall provide the Escrow Agent with a correct taxpayer identification number on a substitute Form W-9 within 90 days following the date hereof and indicate thereon that it is not subject to backup withholding on income earned on any amounts received hereunder. To the extent that the Escrow Agent becomes liable for the payment of taxes on behalf of another party hereunder, including withholding taxes, in respect of interest, income and other earnings from the investment of the Adjustment Fund held hereunder or any payment made hereunder, the Escrow Agent may pay such taxes on behalf of such party. The Escrow Agent may withhold from any payment of monies to the party on whose behalf the taxes were paid, such amount as the Escrow Agent reasonably estimates to be sufficient to provide for the payment of such taxes not yet paid, and shall use the sums withheld solely for that purpose. The Escrow Agent shall be indemnified and held harmless against any liability for taxes and for any penalties or interest in respect of taxes on such interest, income or other earnings in the manner provided in Section 3.3. The Escrow Agent shall, promptly following the end of each taxable period in which the Adjustment Fund remains in existence, make distributions ("Tax Distributions") to Buyer from the interest, income or other earnings of the

Adjustment Fund in an amount equal to forty percent (40%) of such interest, income or other earnings to they extent they constitute taxable income.

2.7 Purpose. None of the Adjustment Fund will be available for any purpose, other than as described in Section 2.5(b) of the Purchase Agreement, and the Adjustment Fund shall not be available to satisfy any other obligations of the Sellers arising under the Purchase Agreement.

SECTION 3: ESCROW AGENT

3.1 Appointment and Duties. Buyer and the Sellers hereby appoint the Escrow Agent to serve hereunder and the Escrow Agent hereby accepts such appointment and agrees to perform all duties which are expressly set forth in this Agreement.

3.2 Compensation. Compensation will be paid to the Escrow Agent one-half by Buyer and one-half by the Sellers, in the aggregate, as specified in Schedule A annexed hereto.

3.3 Indemnification. Buyer and the Sellers will, at their expense, indemnify the Escrow Agent, hold it harmless, at their joint and several expense, from any and all claims, regardless of nature, arising out of or because of this Agreement, and exonerate the Escrow Agent from any liability in connection with this Agreement, at their joint and several expense, except as such may arise because of the Escrow Agent's gross negligence or willful misconduct. Promptly after the receipt by the Escrow Agent of notice of any claim, the Escrow Agent shall, if a claim in respect thereof is to be made against any of the other parties hereto, notify such other parties in writing. Notwithstanding the foregoing, but provided that such notice shall have been given, the failure by the Escrow Agent to give such notice promptly shall not relieve the parties from any liability which such parties may have to the Escrow Agent hereunder except to the extent the defense of such action is prejudiced thereby. Any payment to the Escrow Agent pursuant to this Section 3.3, as between Buyer, on the one hand, and the Sellers, on the other hand, shall be borne equally by Buyer, on the one hand, and the Sellers, on the other hand, on all such matters; provided, however, that any expense or loss incurred by the Escrow Agent as a result of participating in any proceeding brought by Buyer against the Sellers or by any Seller against Buyer shall be paid by the party against whom judgment is rendered in such proceeding. Nothing in this Section 3.3 shall constitute a waiver of any claim which Buyer, on the one hand, or the Sellers, on the other hand, may have against the other party for contributions arising from their joint obligation to indemnify and hold the Escrow Agent harmless hereunder.

3.4 Resignation. The Escrow Agent may resign at any time upon giving the parties hereto 30 days' prior written notice to that effect. In such event, the successor shall be such person, firm or corporation as shall be mutually selected by Buyer and the Sellers. It is understood and agreed that such resignation shall not be effective until a successor agrees to act hereunder; provided, however, if no successor is appointed and acting hereunder within 30 days after such notice is given, the Escrow Agent may pay and deliver the Adjustment Fund into a court of competent jurisdiction.

SECTION 4: LIABILITIES OF ESCROW AGENT

4.1 Limitations. The Escrow Agent shall be liable only to accept, hold and deliver the Adjustment Fund in accordance with the provisions of this Agreement and amendments thereto; provided, however, that the Escrow Agent shall not incur any liability with respect to (a) any action taken or omitted in good faith upon the advice of its counsel given with respect to any questions relating to its duties and responsibilities as Escrow Agent under this Agreement, so long as such action is consistent with the terms of this Agreement or (b) any action taken or omitted in reliance upon any instrument which the Escrow Agent shall in good faith believe to be genuine (including the execution, the identity or authority of any person executing such instrument, its validity and effectiveness, and the truth and accuracy of any information contained therein), to have been signed by a proper person or persons and to conform to the provisions of this Agreement. The Escrow Agent shall exercise the same degree of care toward the Adjustment Fund as it would exercise toward its own similar property.

4.2 Collateral Agreements. The Escrow Agent shall not be bound in any way by any contract or agreement between other parties hereto, whether or not it has knowledge of any such contract or agreement or of its terms or conditions.

SECTION 5: TERMINATION

This Agreement shall be terminated (i) upon disbursement or release of the entire or remaining Adjustment Fund by the Escrow Agent, (ii) by written mutual consent signed by all parties, or (iii) payment of the Adjustment Fund into a court of competent jurisdiction in accordance with Section 3.4 hereof. This Agreement shall not be otherwise terminated.

SECTION 6: OTHER PROVISIONS

6.1 Notices. All notices, demands, and requests required or permitted to be given under the provisions of this Agreement shall be in writing, may be sent by telecopy (with automatic machine confirmation), delivered by personal delivery, or sent by commercial delivery service or certified mail, return receipt requested, shall be deemed to have been given on the date of actual receipt, which may be conclusively evidenced by the date set forth in the records of any commercial delivery service or on the return receipt, and shall be addressed to the recipient at the address specified below, or with respect to any party, to any other address that such party may from time to time designate in a writing delivered in accordance with this Section 6.1:

If to Buyer:	c/o Charter Communications, Inc. 12444 Powerscourt Drive, Suite 400 St. Louis, Missouri 63131 Attention: Curtis S. Shaw, Esq. Telecopier: (314) 965-8793

with a copy (which shall not constitute notice) to:	Irell & Manella LLP 1800 Avenue of the Stars, Suite 900 Los Angeles, California 90067 Attention: Alvin G. Segel, Esq. Telecopier: (310) 203-7199
If to the Sellers:	c/o Bresnan Communications, Inc. 709 Westchester Avenue White Plains, New York 10604 Attention: Jeffrey S. DeMond and Robert V. Bresnan, Esq. Telecopier: (914) 993-6601
	c/o The Blackstone Group 345 Park Avenue New York, New York 10154 Attention: Simon Lonergan Telecopy: (212) 583-5710
	c/o AT&T Broadband & Internet Services 9197 South Peoria Street Englewood, Colorado 80112 Attention: Derek Chang Telecopier: (720) 875-5396
with copies (which shall not constitute notice) to:	Paul, Hastings, Janofsky & Walker LLP 399 Park Avenue New York, New York 10022 Attention: Marie Censoplano, Esq. Telecopier: (212) 319-4090
	Simpson Thacher & Bartlett 425 Lexington Avenue New York, New York 10017-3954 Attention: Wilson Neely, Esq. Telecopier: (212) 455-2502
	Sherman & Howard, L.L.C. 633 Seventeenth Street Suite 3000 Denver, Colorado 80202 Attention: Arlene S. Bobrow, Esq. Telecopier: (303) 299-8140

If to Escrow Agent: ___________________________________
____
____
____
Attention:
Telecopier:

6.2 Benefit and Assignment. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns; provided that (a) neither this Agreement nor any of the rights, interests or obligations hereunder may be assigned by the Sellers without the prior written consent of Buyer (which consent shall not be unreasonably withheld or delayed), (b) neither this Agreement nor any of the rights, interests or obligations hereunder may be assigned by Buyer without the prior written consent of the Sellers (which consent shall not be unreasonably withheld or delayed) and (c) neither this Agreement nor any of the rights, interests or obligations hereunder may be assigned by the Escrow Agent without the prior written consent of Buyer and the Sellers (which consent shall not be unreasonably withheld or delayed), except as otherwise expressly provided herein. This Agreement is not intended to confer upon any Person other than the parties hereto any rights or remedies hereunder.

6.3 Entire Agreement; Amendment. This Agreement and the Purchase Agreement contain all the terms agreed upon by the parties with respect to the subject matter hereto. This Agreement may be amended or modified only by written agreement executed by Buyer and the Sellers and if the amendment in any way affects the compensation, duties and/or responsibilities of the Escrow Agent, by a duly authorized representative of the Escrow Agent. No waiver of any provision hereof or rights hereunder shall be binding upon a party unless evidenced by a writing signed by such party.

6.4 Headings. The headings of the sections and subsections of this Agreement are for ease of reference only and do not evidence the intentions of the parties.

6.5 Governing, Law. THIS AGREEMENT SHALL BE GOVERNED, CONSTRUED, AND ENFORCED IN ACCORDANCE WITH THE LAWS OF THE STATE OF [NEW YORK] (WITHOUT REGARD TO THE CHOICE OF LAW PROVISIONS THEREOF).

6.6 Waiver of Jury Trial. EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY WAIVES ALL RIGHT TO TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM (WHETHER BASED ON CONTRACT, TORT OR OTHERWISE) ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE ACTIONS OF ANY PARTY IN THE NEGOTIATION, PERFORMANCE OR ENFORCEMENT HEREOF.

6.7 Counterparts. This Agreement may be signed upon any number of counterparts with the same effect as if the signatures on all counterparts were upon the same instrument.

6.8 Earnings. All interest, income and other earnings upon any of the Adjustment Deposit or the Adjustment Fund shall be paid to the party or parties receiving the principal portion of such funds pro rata based on the amount of such funds received by such party or parties. For purposes of the preceding sentence, any Tax Distributions made to Buyer will be applied as a credit against any interest, income or other earnings required to be paid to Buyer under this Section 6.8. In no event, however, will Buyer be required to refund in cash to the Sellers or the Adjustment Fund any portion of the Tax Distributions received by it. All income and earnings upon the Adjustment Deposit or the Adjustment Fund not distributed as of the end of any taxable period shall be deemed for tax reporting purposes to have accrued for the account of Buyer.

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SIGNATURES ON FOLLOWING PAGES]

IN WITNESS WHEREOF, this Agreement has been executed by each of Buyer, the Sellers, and Escrow Agent as of the date first written above.

BUYER:

____

By:____
Curtis S. Shaw
Senior Vice President

THE SELLERS:

BCI (USA), LLC

By: Bresnan Communications, Inc., its Managing Member

By:____
Name:
Title:

OTHER SELLERS:

BCI (USA), LLC

By: Bresnan Communications, Inc., its Managing Member

By:____
Name:
Title:

____
William J. Bresnan, individually

TCID OF MICHIGAN, INC.

By:____
Name:
Title:

BLACKSTONE BC CAPITAL PARTNERS L.P.

By: Blackstone Management Associates III L.L.C., its General Partner

By:____
Name:
Title:

BLACKSTONE FAMILY INVESTMENT PARTNERSHIP III L.P.

By: Blackstone Management Associates III L.L.C., its General Partner

By:________________________________
Name:
Title:

BLACKSTONE BC OFFSHORE CAPITAL PARTNERS L.P.

By: Blackstone Management Associates III L.L.C., its Investment General Partner

By:________________________________
Name:
Title:

ESCROW AGENT:

____

By:____

Name:

Title:

EXHIBIT E

TERMS OF CHARTER LLC OPERATING AGREEMENT

Issuance of Units in Charter LLC	Charter Communications Holding Company, LLC ("Charter LLC") is currently wholly-owned by Charter Communications, Inc. ("CCI"). Charter LLC currently owns all of the membership interests in Charter Communications Holdings, LLC ("Charter Holdings"). At the Closing of the Charter/Bresnan transaction, Bresnan partners will contribute to Charter LLC a portion of the partnership interest owned by them in Bresnan Communications Company Limited Partnership ("Bresnan") in exchange for common membership interests in Charter LLC represented by units (the "Units"). The contribution by the Bresnan partners is intended to be a tax-free contribution to Charter LLC by the Bresnan partners (but it is understood that it may involve some tax liability for the Bresnan partners not affiliated with Blackstone as a result of shifting of partnership liabilities).
Transfer of Bresnan Units	The Units received by the Bresnan Holders will be transferable in accordance with the following: the Bresnan Holders will have the right to transfer their Units in Charter LLC pursuant to the tag along rights and to their Permitted Transferees (as defined below), and to freely transfer any Units with respect to which any Put Option has been exercised and Paul Allen or Charter LLC has breached their purchase obligations under the Put provided, however, that (i) each such transferee must agree to be bound by the terms of the Charter LLC Operating Agreement and other applicable equity documents (including the 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. All Units will be freely exchangeable into common stock of PublicCo and freely transferable without restriction to Paul G. Allen (or any other person or

	entity to whom Units may be put under the Put Agreement) in accordance with the Put Agreement. "Permitted Transferees" shall be defined as described in the Registration Rights Agreement. References to the Put Agreement include the TCI Put Agreement, as applicable.
IPO	It is the current intent of CCI to effect an initial public offering of stock in a corporation ("PublicCo") that will acquire an interest in Charter LLC (an "IPO"). Each of the Bresnan Holders may at any time and from time to time exchange its Units in Charter LLC, in whole or in part, for stock in PublicCo on the terms set forth in an Exchange Agreement. If an initial public offering is effected other than through PublicCo (i.e., through CCI or Charter LLC), the Bresnan Holders will have rights and protections that will put them in the same economic position as if the IPO had been effected through PublicCo.
Dilution for Events Prior to IPO	After Closing and prior to an IPO, upon the contribution by CCI (or any affiliate of CCI) of assets to Charter LLC, the members' interests in Charter LLC will be adjusted, and additional Units will be issued to CCI (or affiliate) based on the valuation of Charter LLC and the contributed assets determined in good faith by the Board of Charter LLC and Jerald Kent. Prior to an IPO (whether before or after Closing), upon the issuance of Units in Charter LLC to an entity unrelated to CCI (or any affiliate of CCI), and upon the issuance of Units in Charter LLC to employees of Charter LLC in their capacity as employees, the Bresnan Holders' interest in Charter LLC will be diluted on a proportional basis with CCI.
Dilution Upon and After IPO	In connection with an IPO, the Bresnan Holders' interest in Charter LLC will be diluted on a proportional basis with CCI and any affiliate of CCI. If, after an IPO, CCI or any affiliate of CCI contributes assets to Charter LLC, the Bresnan Holders' interest in Charter LLC will be diluted on a proportional basis with PublicCo. Upon the issuance of Units in Charter LLC to an

	entity unrelated to CCI (or any affiliate of CCI), and upon the issuance of Units in Charter LLC to employees of Charter LLC in their capacity as employees, the Bresnan Holders' interest in Charter LLC will be diluted on a proportional basis with CCI.
Nondiscrimination	In any transactions between Charter LLC and any holders of Charter LLC Units in their capacities as such, the Bresnan Holders must be treated in a nondiscriminatory manner to the Units held by CCI, Paul Allen or their affiliates. For instance, any proposed redemption of Units held by CCI, Paul Allen and their affiliates must be offered to the Bresnan Holders on the same proportionate terms and conditions offered to such other holders of Units.
Tag-along Rights	Prior to an IPO, if Paul Allen disposes of more than 25% (cumulatively) of his current interests in CCI (or control, irrespective of the amount of interests sold), or if CCI disposes of more than 25% (cumulatively) of its current interests in Charter LLC (or control, irrespective of the amount of interests sold), each of the Bresnan Holders will have the right to sell a proportionate share of its Units on the same economic terms and conditions and for proportionate consideration. The examples below illustrate the operation of this provision: Example 1: Assume CCI owns 100 units of Charter LLC and sells 30 of those units (but not control) to an unaffiliated third party. The Bresnan Holders have the right to sell 30% of their Units in the sale. Example 2: Assume CCI owns 100 units of Charter LLC and sells 20 of those units (but not control) to an unaffiliated third party. The Bresnan Holders have no tag along rights in the sale. Example 3: Same facts as Example 2, but after the sale CCI sells 10 units to another unaffiliated party. The Bresnan Holders have the right to sell 12.5% of their Units. Example 4: Same facts as Example 2, but after the sale CCI sells 30 units (but not control) to another unaffiliated party. The Bresnan Holders have the right to sell 37.5% of their Units in the sale.

Distributions	After satisfying any distribution requirements on preferred units (if any), distributions from Charter LLC shall be made in proportion to the number of Units held by each member. Subject to any limitations in contractual covenants of Charter LLC or its subsidiaries (provided that Charter LLC shall negotiate such covenants in good faith to permit tax distributions) and subject to applicable law, within 90 days after the end of each fiscal year, Charter LLC will distribute to all holders, in proportion to the number of Units held by them, cash in an amount which, in the reasonable judgment of Charter LLC, is sufficient to pay the federal, state, and local income taxes on each holder's share of Charter LLC's taxable income for such fiscal year at the highest combined marginal rate applicable to the ordinary income of an individual residing in New York City. Distributions on dissolution or liquidation will be made in accordance with capital accounts.
Book and Tax Allocations	Profit and Loss for book purposes under Section 704(b) of the Internal Revenue Code (the "Code") of Charter LLC will be computed without taking into account depreciation and amortization deductions. Such Profit or Loss will be allocated in accordance with Units. Depreciation and amortization deductions will first be specially allocated for Code Section 704(b) book purposes to the Bresnan Holders to the extent necessary to cause depreciation and amortization to be allocated to the Bresnan Holders for tax purposes so as to eliminate any taxable income to the Bresnan Holders from Charter LLC (taking into account the effect of making allocations pursuant to the traditional method under Section 704(c) of the Code). All remaining depreciation and amortization deductions will be specially allocated to CCI (and any members resulting from the transactions listed in Attachment A to the LLC Unit Formula Term Sheet and PublicCo as CCI may agree with such members). For the sixth and later taxable years of Charter LLC ending after the Closing, the special allocations will be changed as among the Bresnan Holders and CCI to achieve substantially the same result as if the remedial method of allocation of depreciation and amortization under Section 704(c) of the Code was in place. TCI Bresnan LLC and TCID of Michigan, Inc. (as a group) shall have the right to elect, in lieu of the foregoing, to have the special allocations above made

	to achieve substantially the same result as if the remedial method of allocation of depreciation and amortization under Section 704(c) of the Code (unless it is determined that the remedial method under Section 704(c) of the Code can be elected with respect to the assets attributable only to those entities) for all years, if such election is made 5 days before the earlier of (I) the date the final Form S-1 for the IPO is to be filed with the SEC or (II) the Closing. With respect to the Falcon holders, CCI may offer to them that these special allocations either (i) will apply to them or (ii) will be modified such that the Falcon holders will be treated in the same way as if allocations in accordance with the remedial method under Section 704(c) of the Code were in place. To the extent not inconsistent with the foregoing, there will be a chargeback allocation mechanism to make CCI economically whole via its capital account over time. The parties will work in good faith to implement the foregoing principles in a reasonably practicable fashion in the Operating Agreement.
Section 754 election	At the request of a transferee of (or other successor to) Units that takes an increased tax basis in such Units, the Manager shall cause Charter LLC to make an election under Section 754 of the Code, unless the Manager determines that any member who holds a number of Units (or other equity interests) at least as great as the number (or value) being transferred has a built-in tax loss with respect to such Units (or other equity interests) held.
Access to information	The Bresnan Holders shall have reasonable access to Charter LLC's book and records and will be entitled to receive such periodic operating and financial reports as they may reasonably request. As soon as reasonably practicable following the end of each fiscal year, but in no event later than July 15, Charter LLC shall furnish to each Bresnan Holder its Schedule K-1, and to any Bresnan Holder requesting such information, a complete copy of Charter LLC's federal information return (Form 1065) for such fiscal year (as filed) and a schedule setting forth each member's capital account balance as of the end of such fiscal year; provided, however, that for the taxable year of Charter LLC in which the Closing occurs, such information must be furnished no later

than August 15 following the end of such fiscal year.

Governance	The Bresnan Holders will have no voting rights, except that the operating agreement of Charter LLC cannot be amended in a manner that is adverse to the Bresnan Holders, without the consent of Holders owning a majority of the Units adversely affected. Prior to the beginning of the Put Period (as defined in the Allen Put Agreement) Charter LLC will not dissolve or liquidate without the consent of all Bresnan Holders, which consent shall not be unreasonably withheld; provided that at no time will Charter LLC be dissolved or liquidated unless (i) 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 $1 million or (ii) Charter LLC receives the written consent of the adversely affected entity. The Bresnan Holder affiliated with the Blackstone Group L.P. will be entitled to consultative rights reasonably acceptable to Charter in order to maintain its VCOC status. It is the current intention of Charter LLC and CCI, and they will in good faith attempt, to keep in place the notes and credit facility and the terms and conditions relating to their security and collateral (other than the Keepwell Agreement, which may be amended as set forth in the Purchase Agreement) of Bresnan and its Subsidiaries. Charter LLC will be a manager-managed (and not a member-managed) limited liability company, and the manager(s) will be CCI, PublicCo, and/or their affiliates.

EXHIBIT F

EXCHANGE AGREEMENT TERM SHEET

Certain definitions	Charter LLC: Charter Communications Holding Company, LLC, which owns all interests in Charter Communications Holdings, LLC ("CCH"). Currently, Charter LLC is wholly owned by Charter Communications, Inc., but in the event of an IPO, it is expected that PublicCo would own a portion of Charter LLC. Certain other parties, such as the Sellers of the partnership interests in Falcon and BCCLP, are expected to acquire portions of Charter LLC over time, either through acquisitions or otherwise. PublicCo: the entity through which Charter effects an initial public offering of indirect equity interests in Charter LLC, and its successors.
Right to exchange interests	Any holder of a membership interest in Charter LLC will have the right at any time (subject to the conditions specified in "Conditions to Exchange" below) to exchange all or part of its membership interest in Charter LLC for shares of PublicCo common stock. The shares of PublicCo common stock received in the exchange would be: - of the same class as the shares of PublicCo common stock that are publicly traded - duly authorized, validly issued, fully paid, and nonassessable - freely tradable and transferable, subject only to restrictions imposed by applicable securities laws - "Registrable Securities" for purposes of a Registration Rights Agreement to be entered into pursuant to the Purchase Agreement (it being agreed that such shares may be registered even prior to their actually being issued in an exchange)

Conditions to exchange	A holder's right to exchange its membership interest in Charter LLC for PublicCo's common stock would be conditioned on (1) the holder's execution and delivery to PublicCo of such investment representations and other undertakings as are customarily given by persons acquiring securities in a private placement (subject to the holder's ability to resell (possibly immediately) in a registered offering or under Rule 144), and (2) Charter's reasonable satisfaction that the exchange and the issuance of PublicCo common stock to the holder complies with applicable securities laws.
Exchange ratio	The exchange ratio will be determined in a manner that preserves the exchanging member's relative ownership interest in Charter LLC.

If PublicCo has no assets other than its membership interests in Charter LLC and has no debt or preferred stock outstanding, the exchange will yield to the exchanging holder a number of shares in PublicCo that provide an indirect interest in Charter LLC equal to the direct interest represented by the LLC interests being exchanged.

If PublicCo has assets other than its membership interests in Charter LLC or has debt or preferred stock outstanding, the value of the shares of PublicCo common stock received in the exchange will be the same as the value of the membership interest in Charter LLC exchanged for such shares.

The Shares of PublicCo common stock would be valued as follows:

- shares of PublicCo common stock would be valued at the price to the public of such shares in PublicCo's initial public offering (before any underwriting or brokerage discounts and commissions) if the exchange occurs concurrently with PublicCo's initial public offering

- shares of PublicCo common stock would be valued at the weighted average trading price of such shares for the twenty trading days prior to the exchange if the exchange occurs after PublicCo's initial public offering

Regardless of which method is used to value shares of PublicCo common stock, the membership interest in Charter LLC being exchanged would be valued in accordance with the following:

- the value of a membership interest in Charter LLC would be the product of the percentage interest represented by such membership interest times the aggregate value of Charter LLC

- the aggregate value of Charter LLC would equal the value of PublicCo's membership interest in Charter LLC divided by the percentage interest represented by PublicCo's membership interest in Charter LLC

- the value of PublicCo's membership interest in Charter LLC would equal the sum of (i) the aggregate value of all outstanding shares of PublicCo common stock, with each share valued as described above, plus (ii) the amount of any outstanding PublicCo liabilities (other than deferred taxes) and preferred stock, minus (iii) the gross fair market value of any other assets of PublicCo other than deferred tax assets and other than its membership interest in Charter LLC (such assets, the "Non-Charter LLC Assets"). If PublicCo has subsidiaries that are not consolidated with Charter LLC, the amounts in (ii) and (iii) above shall be calculated for PublicCo on a consolidated basis (without duplication). For purposes of clause (iii) above, (1) if Non-Charter LLC Assets have an aggregate value of less than $100 million, the value of such assets shall be determined in good faith by the Board of PublicCo, and (2) if Non-Charter LLC Assets have an aggregate value of more than $100 million, then PublicCo shall engage a nationally recognized investment banking firm on a reasonable periodic basis to value such assets, and the value at any given time shall be the value given such assets pursuant to the most recent appraisal.

Modification of formulas for calculating the exchange ratio	This term sheet does not prescribe the capital structure of either Charter LLC or PublicCo and, therefore, equity interests (such as preferred or convertible interests) or liabilities of Charter LLC or PublicCo, or assets of PublicCo other than its interest in Charter LLC may exist that prevent the formulas described under the above from preserving an exchanging member's relative ownership interest in Charter LLC. The Exchange Agreement will include appropriate provisions to deal with such equity interests, liabilities, or assets.

EXHIBIT G

REGISTRATION RIGHTS AGREEMENT

THIS REGISTRATION RIGHTS AGREEMENT (the "Agreement"), dated as of __________, is entered into by and among [Charter], a Delaware corporation ("Charter") and the other Persons executing this Agreement.

PRELIMINARY STATEMENTS

In connection with the consummation of the transactions contemplated by the Purchase Agreement, dated as of June 29, 1999 (the "Purchase Agreement"), 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 and TCID of Michigan, Inc. (collectively, the "Sellers"), Charter Communications Holding Company, LLC ("Charter Holding Company"), the Sellers have acquired membership interests in Charter Holding Company. Pursuant to the Exchange Agreement, the holder of a membership interest in Charter Holding Company may exchange such membership interest for shares of Common Stock (as hereinafter defined).

As a result of such transactions, each of the parties to this Agreement (other than Charter), either holds a membership interest in Charter Holding Company and has the right to exchange its membership interest in Charter Holding Company for shares of Common Stock or holds shares of Common Stock that were issued in exchange for a membership interest in Charter Holding Company.

In the Purchase Agreement, Charter Holding Company agreed that Charter would enter into this Agreement to provide for certain registration rights with respect to the shares of Common Stock issued or issuable in exchange for membership interests in Charter Holding Company.

NOW, THEREFORE, in consideration of the premises and of the mutual agreement and covenants hereinafter set forth and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Certain Definitions.

1.1 Terms Defined in this Section. For purposes of this Agreement, the following terms have the following meanings:

"Allen" means Paul G. Allen.

"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.

"Charter Indemnified Parties" means Charter, its officers, directors, employees, and agents, and each Person, if any, who controls Charter within the meaning of either the Securities

Act or the Exchange Act, and the officers, directors, employees, and agents of the foregoing parties.

"Common Stock" means the [Series __] Common Stock, par value $__________ per share, of Charter and any securities into or for which such securities are converted or exchanged by Charter.

"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 Agreement" means [Exchange Agreement to be entered into by Bresnan holders].

"Falcon Purchase Agreement" means the Contribution and Purchase 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., as amended or supplemented from time to time.

"Falcon Registration Rights Agreements" means the registration rights agreements entered into in connection with, relating to, or as a result of the Falcon Purchase Agreement.

"Indemnified Party" means a Person claiming a right to indemnification pursuant to Section 6 of this Agreement.

"Indemnifying Party" means a Person required to provide indemnification pursuant to Section 6 of this Agreement.

"IPO" means the initial primary underwritten public offering of shares of Common Stock by Charter.

"Losses" means any losses, claims, damages, or liabilities, and any related legal or other fees and expenses.

"Permitted Bresnan Transferee" shall mean (i) any affiliate of William Bresnan ("WBresnan") that is, directly or indirectly, at least 80% owned or controlled by WBresnan, (ii) WBresnan'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 80% owned or controlled directly or indirectly by any of the foregoing persons, or (iii) WBresnan.

"Permitted Transferee" means (1) with respect to TCI Bresnan LLC and TCID of Michigan, Inc., any entity controlled by AT&T Corp., and (2) with respect to BCI (USA), LLC and William J. Bresnan, any Permitted Bresnan Transferee. There are no Permitted Transferees with respect to Blackstone BC Capital Partners, L.P., Blackstone BC Offshore Capital Partners, L.P., or Blackstone Family Investment Partnership III L.P.

"Person" means any individual, corporation, partnership, limited partnership, limited liability partnership, limited liability company, trust, association, organization, or other entity.

"Prospectus" means the prospectus included in a Registration Statement as of the date it becomes effective under the Securities Act and, in the case of references to the Prospectus as of a date subsequent to the effective date of the Registration Statement, as amended or supplemented as of such date, including all documents incorporated by reference therein, each as amended, and each applicable prospectus supplement relating to the offering and sale of any of the Registrable Securities pursuant to such Registration Statement.

"Put Agreement" means, with respect to any Stockholder, the Put Agreement between such Stockholder and Allen dated as of June 29, 1999; and in addition, with respect to TCID of Michigan, Inc., "Put Agreement" shall include the TCI Put Agreement (as defined in the Purchase Agreement).

"Put Default" means, with respect to a Stockholder who has properly and validly exercised its Put Option under a Put Agreement, a failure by the Put Party under such Put Agreement to satisfy its obligations under such Put Agreement to purchase the securities as to which the Put Option has been exercised within the time period specified for such purchase in the Put Agreement after the Stockholder has tendered delivery of such securities to the Put Party in accordance with the terms of the Put Agreement; provided, however, solely for purposes of Section 2.1, the failure of Charter Holding Company to purchase securities pursuant to the Capped Ownership Put Option of the TCI Put Agreement shall not constitute a "Put Default."

"Put Option" means, with respect to a Stockholder, the meaning ascribed to the term "Put Option" in such Stockholder's Put Agreement.

"Put Party" means, with respect to a Put Agreement, the party obligated under such Put Agreement to purchase from the applicable Stockholder the securities subject to the Put Option.

"Registrable Securities" means:

(i) any shares of Common Stock that are issued or issuable to a Stockholder in exchange for membership interests in Charter Holding Company, pursuant to the Exchange Agreement, and

(ii) any securities of Charter or its successors issued or issuable with respect to any shares referred to in paragraph (i) whether by way of conversion, exchange, dividend, or stock split or in connection with a combination of shares, recapitalization, merger, consolidation, or other reorganization or otherwise.

Securities that are Registrable Securities will cease to be Registrable Securities:

(i) when a registration statement with respect to the sale of such securities has become effective under the Securities Act and such securities have been disposed of in accordance with such registration statement,

(ii) when such securities shall have been sold pursuant to Rule 144 or Rule 145 (or any successor provisions) under the Securities Act or in any other transaction in which the applicable purchaser does not receive "restricted securities" (as that term is defined for purposes of Rule 144 under the Securities Act),

(iii) on the first date on which such securities can be sold without regard to the volume and manner of sale limitations set forth in Rule 144 (or any successor provision), or

(iv) when such securities cease to be outstanding.

"Registration Statement" means a registration statement (including the related Prospectus) of Charter under the Securities Act on any form selected by Charter for which Charter then qualifies and which permits the sale thereunder of the number and type of Registrable Securities (and any other securities of Charter) to be included therein in accordance with this Agreement by the applicable sellers in the manner described herein. The term "Registration Statement" shall also include all exhibits, financial statements, and schedules and all documents incorporated by reference in such Registration Statement when it becomes effective under the Securities Act, and in the case of the references to the Registration Statement as of a date subsequent to the effective date, as amended or supplemented as of such date.

"Rule 144-Eligible Securities" means Registrable Securities that can then be sold by the Stockholder owning such Registrable Securities without registration under the Securities Act pursuant to Rule 144 (or any successor provision) under the Securities Act. Except as provided in Section 3.1(d), any reference in this Agreement to "Registrable Securities" that does not expressly exclude Rule 144-Eligible Securities shall be interpreted as a reference to all Registrable Securities, including all Rule 144-Eligible Securities.

"SEC" means the Securities and Exchange Commission, or any other federal agency at the time administering the Securities Act or the Exchange Act.

"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.

"Selling Stockholder" means any Stockholder whose Registrable Securities are included at the request of such Stockholder in any Registration Statement pursuant to Section 2 or Section 3.

"Stockholder" means each party to this Agreement who owns Registrable Securities or has the right to acquire Registrable Securities pursuant to the Exchange Agreement and any other Person:

(i) to whom any Registrable Securities or any rights to acquire any Registrable Securities are transferred by any Person that was, immediately prior to such transfer, a Stockholder,

(ii) who continues to hold such Registrable Securities or the right to acquire such Registrable Securities,

(iii) to whom the transferring Stockholder has assigned any of its rights under this Agreement, in whole or in part, in accordance with the provisions of Section 8.6 of this Agreement with respect to such Registrable Securities, and

(iv) who has executed a counterpart hereof in connection with the transfer of such Registrable Securities.

"Stockholder Representative" means BCI (USA), LLC or such other party as the Sellers shall notify Charter from time to time in a writing signed by all of the Sellers.

"Stockholder Indemnified Parties" means each Selling Stockholder, its officers, directors, members, partners, employees, and agents, each Person (if any) who controls such Selling Stockholder within the meaning of either the Securities Act or the Exchange Act, and the officers, directors, members, partners, employees, and agents of the foregoing parties.

"Third-Party Demand Stockholder" means any Person having the right to require that Charter effect a registration under the Securities Act of securities owned by such Person, other than pursuant to this Agreement, and any other Person exercising incidental rights of registration pursuant to the agreement under which such first Person has the right to require registration.

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
Demand Registration	Section 2.1
Demand Request	Section 2.2(a)
Demanding Stockholders	Section 2.2(a)
Incidental Registration	Section 3.1(a)
Material Event	Section 2.6(a)
Minimum Condition	Section 2.2(c)
Registration Expenses	Section 5.1

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.

2. Demand Registration.

2.1 Demand Registration. At any time on or after the 180th day following the consummation of the IPO, the Stockholders (through the Stockholder Representative, as described below) shall have the right to require that Charter register under the Securities Act the offer or sale of all or a portion of the Registrable Securities held by the Stockholders on the terms and subject to the conditions and limitations set forth herein. In addition, if an IPO has not occurred and a Put Default has occurred with respect to a Stockholder, such Stockholder shall have the right (through the Stockholder Representative as described below) to require that Charter (i) form an entity through which an indirect ownership interest in Charter Holding Company may be offered to the public (provided that the form, organization, capital structure, voting control and other organizational aspects of the formation and establishment of such entity shall be determined by Charter Holding Company in its sole and absolute discretion, except that such entity shall be the manager of Charter Holding Company), and (ii) through such entity, register under the Securities Act the offer or sale of all or a portion of the Registrable Securities held by such Stockholder on the terms and subject to the conditions and limitations set forth herein at any time from and after such Put Default. The registration of Registrable Securities under the Securities Act in accordance with this Section 2 is referred to in this Agreement as a "Demand Registration." The number of Demand Registrations to which the Stockholders collectively shall be entitled shall not exceed four.

2.2 Procedure for Stockholder Representative; Procedures for Demand Registrations.

(a) The Stockholder Representative may initiate a Demand Registration pursuant to this Section 2.2(a) by furnishing Charter and each Stockholder with a written notice ("Demand Request") specifying (i) the number of Registrable Securities the Stockholders desire to have registered, which must be an amount at least equal to the Minimum Condition, (ii) the Stockholders intending to register their Registrable Securities, (iii) the respective amount of Registrable Securities intended to be registered by each such Stockholder, (iv) whether any of such Registrable Securities are Rule 144-Eligible Securities, and (v) the intended method or methods of distribution of all such Registrable Securities by such Stockholders. The Registrable Securities that the Stockholders desire to have registered, as specified in the Demand Request, must include some Registrable Securities that are not Rule 144-Eligible Securities. The Stockholders whose Registrable Securities are included in the Demand Request are referred to as the "Demanding Stockholders."

(b) If the number of Registrable Securities (excluding any Rule 144-Eligible Securities) that the Stockholder Representative desires to have registered, as specified in the Demand Request, does not satisfy the Minimum Condition, then Charter will have no obligation to effect a Demand Registration in response to such Demand Request.

(c) The "Minimum Condition" means that the number of Registrable Securities (other than any Rule 144-Eligible Securities) that the Stockholder Representative desires to have registered, as specified in the Demand Request,

(i) have an aggregate market value on the date of the delivery of the Demand Request (before any underwriting or brokerage discounts and commissions) of not less than $40,000,000; or

(ii) have an aggregate value at the price to the public of shares of Common Stock in the IPO (before any underwriting or brokerage discounts and commissions, and adjusted as necessary for any events described in Section 2.9(d) occurring between the consummation of the IPO and the calculation of the Minimum Condition) of not less than $60,000,000.

(d) Following the effectiveness of a Registration Statement filed in connection with a Demand Registration, Charter will not be required to file a Registration Statement for a subsequent Demand Registration within six months after the date on which it received the Demand Request pursuant to Section 2.2(a) for the immediately preceding Demand Registration.

(e) As soon as reasonably practicable after receipt of a Demand Request (which satisfies the Minimum Condition), subject to Section 2.6(a) and Section 2.6(d), Charter will file with the SEC and use its reasonable best efforts to cause to become effective as promptly as practicable a Registration Statement that covers the Registrable Securities requested to be registered in the manner set forth above. Subject to the provisions of Section 2.3 below, each Registration Statement may also include securities to be sold for the account of Charter, for Stockholders who do not participate as Demanding Stockholders but who exercise their rights under Section 3 below, or for any stockholder of Charter not holding Registrable Securities.

2.3 Underwriters.

(a) The Stockholder Representative shall have the right to select the lead book running managing underwriter for any underwritten public offering in connection with a Demand Registration, which lead managing underwriter shall be reasonably acceptable to Charter.

(b) Each Demanding Stockholder electing to participate in a Demand Registration involving an underwritten public offering shall, as a condition to Charter's obligation under this Section 2 to include such Demanding Stockholder's Registrable Securities in the Demand Registration, enter into and perform its obligations under an underwriting agreement or other similar arrangement in customary form with the lead underwriter of such offering.

2.4 Shelf Registration. If at the time the Minimum Condition is satisfied, Charter is eligible to file a registration statement on Form S-3 (or any equivalent successor form), then the Stockholder Representative may elect to require that the Demand Registration be effected pursuant to a shelf registration under Rule 415 of the Securities Act; provided, however, that (a) Charter will not be required to effect the Demand Registration pursuant to a shelf registration under Rule 415 of the Securities Act if Charter 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 affect the public market for the Common Stock or materially and adversely affect any financing then being contemplated by Charter; (b) the Stockholder Representative may not elect to require that the Demand Registration be effected pursuant to a shelf registration under Rule 415 of the Securities Act unless the Registrable Securities to be included in the Demand Registration have an aggregate market value on the date of the Stockholder Representative's election (before any underwriting or brokerage discounts and commissions) of at least $100,000,000, or such lesser amount as may be represented by all the remaining Registrable Securities; and (c) during the time any such shelf registration is effective, Charter may require from time to time that the Selling Stockholders refrain from selling pursuant to such registration under the circumstances, in the manner, and for the time period described in Section 2.6. Charter will use its reasonable best efforts to cause any Demand Registration effected as a shelf registration under Rule 415 of the Securities 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 Selling Stockholders must refrain from selling pursuant to Section 2.6, and (ii) the date on which all Registrable Securities covered by the Registration Statement have been sold pursuant to the Demand Registration; and (d) Charter will not be required under this Section 2.4 to effect more than one Demand Registration as a shelf registration under Rule 415 of the Securities Act.

2.5 Limitation on Inclusion of Registrable Securities.

(a) If the book running managing underwriter of any underwritten public offering in connection with a Demand Registration determines in good faith that the aggregate number of Registrable Securities to be offered exceeds the number of shares that could be sold without having an adverse effect on such offering (including the price at which the Registrable Securities may be sold), then the number of Registrable Securities to be offered for the accounts of the Demanding Stockholders in such offering shall be reduced or limited on a pro rata basis, based on the respective numbers of Registrable Securities requested to be included in such offering by all Demanding Stockholders, to the extent necessary to reduce the total number of shares to be included in such offering to the amount recommended by the book running managing underwriter; provided, however, that if such registration includes securities other than Registrable Securities of the Demanding Stockholders (whether for the account of Charter or for any stockholder of Charter not exercising rights under Section 2.2), such reduction shall be made:

(i) first, from securities held by Persons who are not Stockholders and from securities being offered for the account of Charter, allocated between Charter and such other Persons as Charter may determine, subject to any agreements between Charter and such other Persons; and

(ii) second, from the number of Registrable Securities requested to be included in such offering by the Demanding Stockholders, on a pro rata basis, based on the number of Registrable Securities requested to be included in the registration by the Demanding Stockholders.

(b) The Stockholder Representative may elect not to proceed with the registration if less than 75% of the Registrable Securities requested to be registered by each of the Demanding Stockholders are included in such registration. If the Stockholder Representative elects not to proceed with the registration pursuant to this Section 2.5(b), the Registration Statement for such registration shall be promptly withdrawn, and if the Stockholder Representative so elects, a Demand Registration shall not be deemed to have been effected for purposes of this Agreement (including the limitations on the number of Demand Registrations set forth in Section 2.1 above) and the Demanding Stockholders will pay all out-of-pocket Registration Expenses incurred by Charter in connection with such Registration Statement.

2.6 Delay of Filing or Sales.

(a) Charter shall have the right, exercisable by giving written notice of the exercise of such right to the applicable Selling Stockholders, subject to Section 2.6(b), at any time and from time to time, to delay filing or the declaration of effectiveness of a Registration Statement or to require the applicable Selling Stockholders not to sell any Registrable Securities pursuant to an effective Registration Statement for a period not in excess of 120 days beginning on the date on which such notice is given, or such shorter period of time as may be specified in such notice or in a subsequent notice delivered by Charter to such effect prior to or during the effectiveness of the Registration Statement, if:

(i) Charter is engaged in discussions or negotiations with respect to, or there otherwise is pending, any merger, acquisition, or other form of business combination that is "probable" (within the meaning of the Securities Act), any divestiture, tender offer, financing, or other event that, in any such case, is material to Charter (any such activity or event, a "Material Event"),

(ii) such Material Event would, in the judgment of Charter's board of directors (after consultation with counsel), require disclosure so as to permit the Registrable Securities to be sold in compliance with law, and

(iii) disclosure of such Material Event would, in the judgment of Charter's board of directors (after consultation with counsel), be adverse to its interests.

(b) Charter may not delay the filing of a Registration Statement or the sale of any Registrable Securities, whether pursuant to one or more notices pursuant to Section 2.6(a), for more than an aggregate of 120 days within any 12-month period.

(c) If Charter postpones its obligations under this Agreement by reason of a Material Event as described in Section 2.6(a), any Selling Stockholder will have the right to withdraw its Registrable Securities from the applicable Demand Registration or Incidental Registration, by giving notice to Charter at any time following delivery of Charter's notice pursuant to Section 2.6(a) and if all Selling Stockholders withdraw their Registrable Securities following delivery of such notice, a Demand Registration shall not be deemed to have been effected for purposes of this Agreement.

(d) The Stockholder Representative may not deliver a Demand Request pursuant to the first sentence of Section 2.2(a) during the period of any postponement pursuant to Section 2.6(a) until Charter notifies all Stockholders of the end of such Material Event or the expiration of the 120-day period described in Section 2.6(a).

(e) Charter shall have the right, exercisable by giving notice of the exercise of such right to the applicable Selling Stockholders, to delay filing or the declaration of effectiveness of a Registration Statement during any period in which, as a result of Charter's failure to satisfy the conditions in Rule 3-01(c) of Regulation S-X, Charter is required to include in the Registration Statement audited financial statements of Charter prior to the date on which such audited financial statements would normally have been prepared in accordance with Charter's past practices and the SEC's periodic reporting requirements.

2.7 Withdrawal.

(a) If (i) a Registration Statement filed pursuant to this Section 2 does not remain effective under the Securities Act for the period specified in Section 2.8(a) due to a stop order, injunction, or other order of the SEC or other governmental agency, and (ii) each of the Demanding Stockholders has not sold at least two-thirds of its Registrable Securities registered under such Registration Statement, then the Demanding Stockholders may elect to withdraw such Registration Statement by written notice to Charter; and, in such an event, such registration shall not be deemed to have been a Demand Registration for purposes of the limitations on the number of Demand Registrations contained in Section 2.1, and Charter shall bear the Registration Expenses incurred in connection with such registration.

(b) Each Selling Stockholder may, no less than five Business Days before any Registration Statement becomes effective, withdraw some or all of its Registrable Securities from inclusion in the Registration Statement. If such withdrawals result in the Minimum Condition not being satisfied, then Charter may withdraw such Registration Statement unless the remaining Demanding Stockholders agree to include additional Registrable Securities (excluding any Rule 144-Eligible Securities) in the registration such that the Minimum Condition would be satisfied or agree to bear the Registration Expenses incurred by Charter in connection with such registration.

(c) If Charter withdraws a Registration Statement pursuant to Section 2.7(b), then the requested registration shall be deemed to have been a Demand Registration for purposes of the limitations on the number of Demand Registrations contained in Section 2.1 unless

(i) at the time of a Stockholder's withdrawal of Registrable Securities pursuant to Section 2.7(b), there has been a material adverse change in the operating results, financial condition, or business of Charter that was not publicly known at the time that the Minimum Condition was originally satisfied; or

(ii) Charter has postponed its obligations under this Agreement by reason of a Material Event as described in Section 2.6(a).

2.8 Effectiveness of Registration Statement.

(a) In connection with any Demand Registration pursuant to Section 2.2, subject to Section 2.6, Charter will use its best efforts to prepare and file with the SEC any amendments and supplements to the Registration Statement and the Prospectus used in connection therewith, and to take any other actions, that may be necessary to keep the Registration Statement and the Prospectus effective, current, and in compliance with the provisions of the Securities Act, until the sooner to occur of (i) the sale of all of the Registrable Securities covered by such Registration Statement in accordance with the intended methods of distribution thereof or (ii) the 90th day following the effective date of such Registration Statement.

(b) A Demand Registration shall not be deemed to have been effected for purposes of this Agreement (including the limitations on the number of Demand

Registrations set forth in Section 2.1 above) until the Registration Statement therefor shall have been declared effective under the Securities Act by the SEC (and is not then subject to any stop order, injunction, or other order or requirement of the SEC or other governmental agency or court for any reason) for the period specified in Section 2.8.

2.9 Right to Purchase Shares. In lieu of undertaking to effect a Demand Registration at any time that Charter would otherwise be required to do so under this Agreement, Charter may instead elect to purchase, or cause to be purchased, all Registrable Securities that the Demanding Stockholders desire to have registered, as specified in the Demand Request, on the following terms:

(a) Charter may elect to purchase all, but not less than all, of such Registrable Securities by delivering written notice of its election to the Demanding Stockholders within five Business Days after the delivery of a Demand Request pursuant to Section 2.2(a).

(b) Charter may not make an election pursuant to this Section 2.9 unless all Registrable Securities specified in the Demand Request are securities for which the "average trading price" can be determined in accordance with Section 2.9(d). Charter may not make an election pursuant to this Section 2.9 if such purchase would require any waiver, consent, or approval of any Person that could impede or materially delay the closing of the purchase and sale of the Registrable Securities required to be purchased.

(c) Upon Charter's delivery of notice of its election pursuant to Section 2.9(a), Charter shall be obligated to purchase, or to cause to be purchased, and each Demanding Stockholder shall be obligated to sell, the Registrable Securities specified in the Demand Request.

(d) The purchase price per share for such Registrable Securities shall be the "average trading price" (determined as provided below) as of the date on which the Stockholder Representative sent the Demand Request pursuant to Section 2.2(a) of a share of the same class as such Registrable Securities and shall be payable to each Selling Stockholder in immediately available funds at the closing. The "average trading price" as of any date of any securities will be the average for the twenty full trading days preceding such date of (i) the last reported sales prices, regular way, as reported on the principal national securities exchange 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 sales prices, regular way, as reported on the Nasdaq National Market 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 to 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 this Section 2.9(d), a "trading day" means a day on which the principal national securities exchange on which such securities are listed or admitted to trading, or the Nasdaq National Market or the Nasdaq Stock Market, as applicable, if such securities are 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 securities are not listed or admitted to trading on any national securities exchange, the Nasdaq National Market or the Nasdaq Stock Market, any Business Day. For purposes of determining the "average trading price" of any securities, (i) the applicable sales 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 the closing of the purchase of Registrable Securities pursuant to this Section 2.9 for any dividend or distribution (other than a dividend or distribution contemplated by clause (ii)(B) of this sentence) 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 sales 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 outstanding shares of such securities occurring prior to the closing of the purchase of Registrable Securities pursuant to this Section 2.9 or (B) any "ex-dividend" date or any similar date occurring prior to the closing of the purchase of Registrable Securities pursuant to this Section 2.9 for any dividend or distribution with respect to such securities to be made in shares of such securities or securities that are convertible, exchangeable, or exercisable for shares of Common Stock shall be appropriately adjusted, as determined by the Board of Directors of Charter, to reflect such subdivision, combination, dividend, or distribution.

(e) The closing of the purchase and sale of such Registrable Securities shall take place on a date determined by Charter and set forth in the notice of its election pursuant to Section 2.9(a) which shall not be fewer than seven nor more than thirty days after the date of Charter's notice of its election pursuant to Section 2.9(a)

(f) An election by Charter pursuant to this Section 2.9 shall not affect the number of Demand Registrations to which the Stockholders are entitled under Section 2.1.

3. Incidental Registration.

3.1 Notice of Incidental Registration.

(a) Subject to Section 3.1(b) and Section 3.1(c), if Charter at any time proposes to register under the Securities Act any shares of the same class as any of the Registrable Securities (whether in an underwritten public offering or otherwise and whether or not for the account of Charter or for any stockholder of Charter, including Selling Stockholders registering Registrable Securities in a Demand Registration pursuant to Section 2.2), in a manner that would permit the registration under the Securities Act of Registrable Securities for sale to the public, Charter will give written notice to each Stockholder of its intention to do so not later than ten days prior to the anticipated filing date of the applicable Registration Statement. If the proposed registration is intended to be a Demand Registration, Charter shall give the notice described in the preceding sentence but only to the Stockholders that did not previously elect to become Demanding Stockholders pursuant to Section 2.2 with respect to such registration. Any Stockholder may elect to participate in such registration on the same basis as the planned method of distribution contemplated by the proposed registration by delivering written notice of its election to Charter within five days after its receipt of Charter's notice pursuant to this Section 3.1(a). A Stockholder's election pursuant to this Section 3.1(a) must (i) specify the amount of Registrable Securities desired to be included in such registration by such Stockholder and (ii) include any other information that Charter reasonably requests be included in such registration statement. Upon its receipt of a Stockholder's election pursuant to this Section 3.1(a), Charter will, subject to Section 3.2, use its reasonable best efforts to include in such registration all Registrable Securities requested to be included. Any registration of Registrable Securities pursuant to this Section 3 is referred to as an "Incidental Registration."

(b) Charter shall have no obligation under this Section 3 with respect to any registration effected pursuant to a registration statement on Form S-4 (or any other registration statement registering shares issued in a merger, consolidation, acquisition, or similar transaction) or Form S-8 or any successor or comparable forms, or a registration statement filed in connection with an exchange offer or any offering of securities solely to Charter's existing stockholders or otherwise pursuant to a dividend reinvestment plan, stock purchase plan, or other employee benefit plan.

(c) Charter shall have no obligation under this Section 3 with respect to any registration initiated by Allen if the applicable registration rights agreement between Charter and Allen prohibits the inclusion in such registration of securities other than those offered by Allen.

(d) Solely for purposes of this Section 3, Rule 144-Eligible Securities will not be deemed to be Registrable Securities, and any Stockholder owning any Rule 144-Eligible Securities will have no rights to require an Incidental Registration of its Rule 144-Eligible Securities, in the case of any registration in which no stockholder of Charter has the right to include any securities that could then be sold by such stockholder without registration under the Securities Act pursuant to Rule 144 (or any successor provision) under the Securities Act (regardless of whether any such stockholder elects to include such securities in such registration).

3.2 Limitation on Inclusion of Registrable Securities; Priorities. If the proposed method of distribution in connection with an Incidental Registration is an underwritten public offering and the lead managing underwriter thereof determines in good faith that the amount of securities to be included in such offering would adversely affect such offering (including an adverse effect on the price at which the securities proposed to be registered may be sold), the amount of securities to be offered may be reduced or limited to the extent necessary to reduce the total number of securities to be included in such offering to the amount recommended by the lead managing underwriter as follows:

(a) in connection with an offering initiated by Charter, if securities are being offered for the account of other Persons (including any Stockholders) such reduction shall be made:

(i) first, from the securities intended to be offered by such other Persons (including any Stockholders), on a pro rata basis, based on the number of Registrable Securities and other securities that are requested to be included in such offering; and

(ii) last, from the number of securities to be offered for the account of Charter;

(b) in connection with an offering initiated by a Third-Party Demand Stockholder, such reduction shall be made:

(i) first, from securities held by Persons who are not Stockholders, Third-Party Demand Stockholders, or other stockholders entitled under any agreements between them and Charter to participate pari passu with the Selling Stockholders in such Incidental Registration, and from securities being offered for the account of Charter, allocated between Charter and such other Persons as Charter may determine, subject to any agreements between Charter and such other Persons;

(ii) second, from the number of Registrable Securities requested to be included in such offering by the Selling Stockholders and any other stockholders entitled under any agreements between them and Charter to participate pari passu with the Selling Stockholders in such Incidental Registration, on a pro rata basis, based on the number of Registrable Securities and other securities which are requested to be included in the registration; and

(iii) last, from securities being offered by the Third-Party Demand Stockholders.

(c) For purposes of Section 3.2(b), the rights of the Stockholders shall rank pari passu with the incidental rights of the stockholders pursuant to the Falcon Registration Rights Agreements (except to the extent that such other stockholders are Third-Party Demand Stockholders).

3.3 Delay or Withdrawal of Registration. Charter may, without the consent of any Stockholder, delay, suspend, abandon, or withdraw any proposed registration in which any Stockholder has requested inclusion of such Stockholder's Registrable Securities pursuant to this Section 3.

3.4 Withdrawal by Selling Stockholder. Each Selling Stockholder may, no less than five Business Days before the anticipated effective date of the applicable Registration Statement for an Incidental Registration, withdraw some or all of its Registrable Securities from inclusion in the Registration Statement. No such withdrawal shall relieve any withdrawing Selling Stockholder of its obligation to pay expenses incurred solely with respect to such withdrawn Registrable Securities.

3.5 Underwriters; Underwriting Agreement. In connection with any Incidental Registration involving an underwritten public offering of securities for the account of Charter or a Third-Party Demand Stockholder, (a) the managing and lead underwriters shall be selected by Charter, unless otherwise provided in any agreement between Charter and any Third-Party Demand Stockholder, and (b) each Selling Stockholder electing to participate in the Incidental Registration shall, as a condition to Charter's obligation under this Section 3 to include such Selling Stockholder's Registrable Securities in such Incidental Registration, enter into and perform its obligations under an underwriting agreement or other similar arrangement in customary form with the managing underwriter of such offering.

4. Obligations with Respect to Registration.

4.1 Obligations of Charter. Whenever Charter is obligated by the provisions of this Agreement to effect the registration of any Registrable Securities under the Securities Act, Charter shall:

(a) Subject to the provisions of Section 4.2, use its reasonable best efforts to cause the applicable Registration Statement to become effective as promptly as practicable, and to prepare and file with the SEC any amendments and supplements to the Registration Statement and to the Prospectus used in connection therewith as may be necessary to keep the Registration Statement and the Prospectus effective, current, and in compliance with the provisions of the Securities Act, during the periods when Charter is required by this Agreement to keep the Registration Statement effective and current.

(b) Within a reasonable time not to exceed ten Business Days prior to filing a Registration Statement or Prospectus or any amendment or supplement thereto (other than any amendment or supplement in the form of a filing that Charter makes pursuant to the Exchange Act), furnish to each Selling Stockholder and each underwriter, if any, of the Registrable Securities covered by such Registration Statement copies of such Registration Statement or Prospectus as proposed to be filed, which documents will be subject to the reasonable review and comments of the Selling Stockholders (and their respective counsel) during such period, and Charter will not file any Registration Statement or any Prospectus or any amendment or supplement thereto containing any statements with respect to any Selling Stockholder or the distribution of the Registrable Securities to be included in such Registration Statement for sale by such Selling Stockholder if such Selling Stockholder reasonably objects in writing. Thereafter, Charter will furnish to each Selling Stockholder and each underwriter, if any, such number of copies of such Registration Statement, each amendment and supplement thereto (in each case including all exhibits thereto and any documents incorporated by reference), the Prospectus included in such Registration Statement (including each preliminary Prospectus), and such other documents as such Selling Stockholder or underwriter may reasonably request in order to facilitate the disposition of the Registrable Securities owned by such Selling Stockholder.

(c) After the filing of the Registration Statement, promptly notify each Selling Stockholder of the effectiveness thereof and of any stop order issued or threatened by the SEC and take all reasonable actions required to prevent the entry of such stop order or to remove it at the earliest possible moment if entered and promptly notify each Selling Stockholder of the lifting or withdrawal of any such order.

(d) Immediately notify each Selling Stockholder holding Registrable Securities covered by the applicable Registration Statement at any time when a Prospectus relating thereto is required to be delivered under the Securities Act, of (i) the determination that a Material Event exists or (ii) the occurrence of an event requiring the preparation of a supplement or amendment to such Prospectus so that, as thereafter delivered to the purchasers of such Registrable Securities, such Prospectus will 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, in light of the circumstances in which they were made, not misleading and promptly make available to such Selling Stockholder any such supplement or amendment, and subject to the provisions of this Agreement regarding the existence of a Material Event, Charter will promptly prepare and furnish to each such Selling Stockholder a supplement to or an amendment of such Prospectus so that, as thereafter delivered to the purchasers of such Registrable Securities, such Prospectus will not contain any untrue statement of material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances in which they were made, not misleading.

(e) Enter into customary agreements (including an underwriting agreement in customary form including customary indemnification provisions) and perform its obligations under any such agreements and shall take such other actions as are reasonably required in order to expedite or facilitate the disposition of such Registrable Securities.

(f) Make available for inspection by any Selling Stockholder covered by such Registration Statement, any underwriter selected by the Stockholder Representative pursuant to Section 2.3 participating in any disposition pursuant to such Registration Statement, and any attorney, accountant, or other professional retained by any such Selling Stockholder or underwriter, all financial and other records, pertinent corporate documents, and properties of Charter as shall be reasonably necessary to enable them to exercise their due diligence responsibility in connection therewith, and cause Charter's officers, directors, and employees to supply all information reasonably requested by any of such Persons in connection with such Registration Statement. Information that Charter determines, in good faith, to be confidential and notifies such Persons is confidential shall not be disclosed by such Persons unless (i) the release of such information is ordered pursuant to a subpoena or other order from a court, or other governmental agency or tribunal, of competent jurisdiction or (ii) such information becomes public other than through a breach by such Persons of the confidentiality obligations of such Persons. Each Selling Stockholder agrees that information obtained by it as a result of such inspections shall be deemed confidential and shall not be used by it as the basis for any transactions in the securities of Charter or for any other purpose unless and until such information is made generally available to the public.

(g) Furnish, in the case of an underwritten public offering, to each Selling Stockholder and to each underwriter a signed counterpart of (i) an opinion or opinions of in-house counsel or outside counsel, as requested by the lead underwriter, to Charter addressed to such Selling Stockholder and underwriters (on which opinion both such Selling Stockholder and each such underwriter shall be entitled to rely) and (ii) a comfort letter or comfort letters from Charter's independent public accountants, each in customary form and covering such matters of the type customarily covered by opinions or comfort letters, as the case may be, as the Stockholder Representative or the managing underwriter therefor reasonably requests.

(h) Register or qualify the Registrable Securities covered by a Registration Statement under the securities or blue sky laws of such United States jurisdictions as the Stockholder Representative shall reasonably request, and do any and all other acts and things which may be necessary to enable each Selling Stockholder to consummate the disposition in such jurisdictions of such Registrable Securities in accordance with the method of distribution described in such Registration Statement; provided, however, that Charter shall not be required (i) to qualify to do business as a foreign corporation in any jurisdiction where it is not otherwise required to be so qualified, (ii) to conform its capitalization or the composition of its assets at the time to the securities or blue sky laws of such jurisdiction, (iii) to execute or file any general consent to service of process under the laws of any jurisdiction, or (iv) to subject itself to taxation in any jurisdiction where it has not theretofore done so.

(i) Use its reasonable best efforts to (i) cause such Registrable Securities covered by a Registration Statement to be listed on the principal exchange or exchanges or qualified for trading on the principal over-the-counter market or listed on the automated quotation market on which securities of the same class and series as the Registrable Securities (or into which such Registrable Securities will be or have been converted) are then listed, traded, or quoted upon the sale of such Registrable Securities pursuant to such Registration Statement and (ii) provide a transfer agent and registrar for such Registrable Securities covered by such Registration Statement not later than the effective date of such Registration Statement.

(j) Make and keep information publicly available relating to Charter so as to satisfy the requirements of Rule 144 under the Securities Act (or any successor or corresponding rule) and file with the SEC all reports and other documents required of Charter under the Securities Act and the Exchange Act in a timely manner.

(k) Make available to its security holders, as soon as reasonably practicable, an earnings statement covering the period of at least twelve months, but not more than eighteen months, which earnings statement shall satisfy the provisions of Section 11(a) of the Securities Act (provided that Charter shall not be deemed in violation of this paragraph so long as it files customary quarterly reports with the SEC for such period), and not file any amendment or supplement to such Registration Statement or Prospectus to which any of the Selling Stockholders shall have reasonably objected on the grounds that such amendment or supplement does not comply in all material respects with the requirements of the Securities Act.

(l) Use its reasonable best efforts to cause such Registrable Securities covered by such Registration Statement to be registered with or approved by such other governmental agencies or authorities as may be necessary to enable the seller or sellers thereof to consummate the disposition of such Registrable Securities.

(m) Use its reasonable best efforts, subject to the other duties and responsibilities of Charter's senior executive officers, to make available one or more senior executive officer of Charter (the selection of whom shall be in Charter's sole discretion) to participate with the Selling Stockholders and any underwriters in any "road show" (which shall not involve presentations at more than two cities) that may be reasonably requested by the Stockholders Representative in connection with the distribution of Registrable Securities, pursuant to a Demand Registration; provided, however, the number of "road shows" that the Stockholders shall collectively be entitled to require Charter to participate in pursuant to such requests shall be two.

(n) If requested by the managing underwriter or any Selling Stockholder, promptly incorporate in a prospectus supplement or post-effective amendment such information as the managing underwriter or such Selling Stockholder reasonably requests to be included therein, including, without limitation, with respect to the number of Registrable Securities being sold by such Selling Stockholder to such underwriter, the purchase price being paid therefor by such underwriter and with respect to any other terms of the underwritten offering of the Registrable Securities to be sold in such offering; and make all required filings of such prospectus supplement or post-effective amendment as soon as practicable after being notified of the matters incorporated in such prospectus supplement or post-effective amendment.

(o) Cooperate with the Selling Stockholder and the managing underwriter 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 and registered in such names as the managing underwriter or such Selling Stockholder may request.

(p) Cooperate with each Selling Stockholder 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.

4.2 Selling Stockholders' Obligations. Charter's obligations under this Agreement to a Selling Stockholder shall be conditioned upon such Selling Stockholder's compliance with the following:

(a) Such Selling Stockholder shall cooperate with Charter in connection with the preparation of the Registration Statement, and for so long as Charter is obligated to keep the Registration Statement effective, such Selling Stockholder will provide to Charter, in writing, for use in the Registration Statement, all information regarding such Selling Stockholder, its intended method of disposition of the applicable Registrable Securities, and such other information as Charter may reasonably request to prepare the Registration Statement and Prospectus covering the Registrable Securities and to maintain the currency and effectiveness thereof.

(b) Such Selling Stockholder agrees that, upon receipt of any notice from Charter of the happening of any event of the kind described in Section 4.1(d), such Selling Stockholder will discontinue its offering and sale of Registrable Securities pursuant to the applicable Registration Statement until such Selling Stockholder's receipt of either (i) notice from Charter that a Material Event no longer exists (but for no longer than the end of the 120-day period described in Section 2.6) or (ii) the copies of the supplemented or amended Prospectus contemplated by Section 4.1(d), and, in either case, if so directed by Charter, such Stockholder will deliver to Charter all copies in its possession of the most recent Prospectus covering such Registrable Securities at the time of receipt of such notice. In the event Charter shall give any such notice, the period mentioned in clause (ii) of Section 2.8(a) shall be extended by the number of days during the period from and including the date of the giving of such notice pursuant to Section 4.1(d) and including the date when each seller of Registrable Securities covered by such Registration Statement shall have received the copies of the supplemented or amended prospectus contemplated by Section 4.1(d).

4.3 Underwriting Agreement. Neither Charter nor any other Person may participate in any underwritten public offering in connection with a Demand Registration or an Incidental Registration unless such Person (i) agrees to sell its securities on the basis provided in any underwriting arrangements approved by the Person or Persons selecting the lead managing underwriters for such offering and (ii) completes and executes all questionnaires, powers of attorney, indemnities, underwriting agreements, and other documents reasonably required under the terms of such underwriting arrangements and this Agreement.

4.4 Holdback by Charter. Charter agrees not to engage in any public sale or distribution by it of any securities of the same class or series as the Registrable Securities or securities convertible into, or exchangeable or exercisable for, or the value of which relates to or is based upon, such securities during the ten days prior to, and during the 45-day period beginning on, the effective date of any Registration Statement filed with respect to any public offering of Registrable Securities to the extent the lead book running managing underwriter for such offering advises Charter in writing that a public sale or distribution during such 45-day period (including a sale pursuant to Rule 144 under the Securities Act) of Registrable Securities by Charter other than pursuant to the underwritten public offering contemplated by such Registration Statement would materially adversely impact such underwritten public offering), except as part of such registration; provided, however, that the limitation set forth in this Section 4.4 shall not apply: (a) to registrations by Charter on Form S-4 or any other registration of shares issued in a merger, consolidation, acquisition, or similar transaction or on Form S-8, or any successor or comparable forms, or a registration statement filed in connection with an exchange offer of securities of Charter made solely to Charter's existing stockholders or otherwise pursuant to a dividend reinvestment plan, stock purchase plan, or other employee benefit plan; (b) to sales by Charter upon exercise or exchange, by the holder thereof, of options, warrants or convertible securities; (c) to any employee benefit plan (if necessary to allow such plan to fulfill its funding obligations in the ordinary course); or (d) to any Demand Registration effected as a shelf registration under Rule 415 of the Securities Act. This Section 4.4 shall not limit any public sale or distribution of any securities of Charter by any Third-Party Demand Stockholder or any Person having the right to require that Charter include its securities in any registration initiated by any Third-Party Demand Stockholder.

5. Expenses of Registration.

5.1 Registration Expenses. Except as provided in Section 5.2 and Section 5.3, all Registration Expenses incurred in connection with any Demand Registration or Incidental Registration and the distribution of any Registrable Securities in connection therewith shall be borne by Charter. For purposes of this Agreement, the term "Registration Expenses" means all:

(a) registration, application, filing, listing, transfer, and registrar fees,

(b) NASD fees and fees and expenses of registration or qualification of Registrable Securities under state securities or blue sky laws

(c) printing expenses (or comparable duplication expenses), delivery charges, and escrow fees,

(d) fees and disbursements of counsel for Charter,

(e) fees and expenses for independent certified public accountants retained by Charter (including the expenses of any comfort letters or costs associated with the delivery by independent certified public accountants of a comfort letter or comfort letters),

(f) fees and expenses of any special experts retained by Charter in connection with such registration;

(g) reasonable fees and disbursements of underwriters and broker-dealers customarily paid by issuers or sellers of securities, and

(h) fees and expenses of listing the Registrable Securities on a securities exchange or over-the-counter market; and

(i) all fees and disbursements of one counsel for all such Selling Stockholders as a group attributable to the registration and sale of the Registrable Securities of such Selling Stockholders included in such registration.

5.2 Selling Stockholder Expenses. Each Selling Stockholder shall pay all stock transfer fees or expenses (including the cost of all transfer tax stamps), if any, all underwriting or brokerage discounts and commissions and all fees and disbursements of counsel for such Selling Stockholder (other than the one counsel described in Section 5.1(i)) attributable to the distribution of the Registrable Securities of such Selling Stockholder included in such registration.

5.3 Internal Expenses of Charter. Notwithstanding any other provision of this Agreement, Charter shall be obligated to bear all internal expenses of Charter in connection with any Demand Registration or Incidental Registration (including all salaries and expenses of its officers and employees performing accounting and legal functions and related expenses).

6. Indemnification.

6.1 By Charter. Charter agrees to indemnify and hold harmless each Stockholder Indemnified Party from and against any Losses, joint or several, to which such Stockholder Indemnified Party may become subject under the Securities Act, the Exchange Act, state securities or blue sky laws, common law or otherwise, insofar as such Losses (or actions in respect thereof) arise out of or are based upon any untrue statement or alleged untrue statement of a material fact contained in the applicable Registration Statement or Prospectus, 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 light of the circumstances under which they were made, not misleading, and Charter will reimburse each such Stockholder Indemnified Party for any reasonable fees and expenses of outside legal counsel for such Stockholder Indemnified Parties, or other expenses reasonably incurred by them, as incurred, in connection with investigating or defending any such claims; provided, however, that Charter will not indemnify or hold harmless any Stockholder Indemnified Party from or against any such Losses (including any related expenses) to the extent such Losses (including any related expenses) result from an untrue statement, omission or allegation thereof which were (a) made in reliance upon and in conformity with written information provided by or on behalf of the applicable Selling Stockholder specifically and expressly for use or inclusion in the applicable Registration Statement or Prospectus or (b) made in any Prospectus used after such time as Charter advised such Selling Stockholder that the filing of a post-effective amendment or supplement thereto was required, except that this proviso shall not apply if the untrue statement, omission, or allegation thereof is contained in the Prospectus as so amended or supplemented. Such indemnity shall remain in full force and effect regardless of any investigation made by or on behalf of the Stockholder Indemnified Parties and shall survive the transfer of such securities by the Selling Stockholders.

6.2 By Selling Stockholders. Each Selling Stockholder, individually and not jointly, agrees to indemnify and hold harmless each Charter Indemnified Party and each other Stockholder Indemnified Party from and against any Losses, joint or several, to which such Charter Indemnified Party or any other Stockholder Indemnified Party may become subject, insofar as such Losses (or actions in respect thereof) arise out of or are based upon any untrue statement or alleged untrue statement of a material fact contained in the applicable Registration Statement or the Prospectus, 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 light of the circumstances under which they were made, not misleading, if the statement or omission was made in reliance upon and in conformity with written information provided by or on behalf of such Selling Stockholder or any Person who controls such Selling Stockholder specifically and expressly for use or inclusion in the applicable Registration Statement or Prospectus; provided, however, that such Selling Stockholder will not indemnify or hold harmless any Charter Indemnified Party or other Stockholder Indemnified Party from or against any such Losses (including any related expenses) (a) to the extent the untrue statement, omission, or allegation thereof upon which such Losses (including any related expenses) are based was made in any Prospectus used after such time as such Selling Stockholder advised Charter that the filing of a post-effective amendment or supplement thereto was required, except the Prospectus as so amended or supplemented, or (b) in an amount that exceeds the net proceeds received by such Selling Stockholder from the sale of Registrable Securities pursuant to such Registration Statement. Such indemnity shall remain in full force and effect regardless of any investigation by or on behalf of Charter Indemnified Parties or the Stockholder Indemnified Parties, and shall survive the transfer of such securities by the Selling Stockholder.

6.3 Procedures. Each Indemnified Party shall give notice to each Indemnifying Party promptly after such Indemnified Party has actual knowledge of any claim as to which indemnity may be sought, and the Indemnifying Party may participate at its own expense in the defense, or if it so elects, assume the defense of any such claim and any action or proceeding resulting therefrom, including the employment of counsel and the payment of all expenses; provided that such counsel shall be reasonably satisfactory to the Indemnified Party. The failure of any Indemnified Party to give notice as provided in this Section 6.3 shall not relieve the Indemnifying Party from its obligations to indemnify such Indemnified Party, except to the extent the Indemnified Party's failure to so notify actually prejudices the Indemnifying Party's ability to defend against such claim, action, or proceeding. If the Indemnifying Party elects to assume the defense in any action or proceeding, an Indemnified Party shall have the right to employ separate counsel in such action or proceeding and to participate in the defense thereof, but such Indemnified Party shall pay the fees and expenses of such separate counsel unless (a) the Indemnifying Party has agreed to pay such fees and expenses, or (b) the named parties to any such action or proceeding (including any impleaded parties) include such Indemnified Party and the Indemnifying Party, and such Indemnified Party shall have been advised by counsel that there is or would be a conflict of interest between such Indemnified Party and the Indemnifying Party in the conduct of the defense of such action (in which case, if such

Indemnified Party notifies the Indemnifying Party in writing that it elects to employ separate counsel at the expense of the Indemnifying Party, the Indemnifying Party shall not assume the defense of such action or proceeding on such Indemnified Party's behalf) or (c) the Indemnifying Party shall not have employed counsel reasonably satisfactory to the Indemnified Party to represent the Indemnified Party within a reasonable time after notice of the institution of such claim. No Indemnifying Party, in the defense of any such claim or litigation, shall, except with the consent of the Indemnified Party (which consent will not be unreasonably withheld), consent to entry of any judgment, or enter into any settlement that does not include as an unconditional term thereof the giving by the claimant or plaintiff to such Indemnified Party of a release from all liability in respect to such claim or litigation.

6.4 Contribution. If the indemnification provided for under this Section 6 is unavailable to or insufficient to hold the Indemnified Party harmless under Section 6.1 or Section 6.2 above in respect of any Losses referred to therein for any reason other than as specified therein, then the Indemnifying Party shall contribute to the amount paid or payable by such Indemnified Party as a result of such Losses in such proportion as is appropriate to reflect the relative fault of the Indemnifying Party, on the one hand, and such Indemnified Party, on the other, in connection with the statements or omissions that resulted in such Losses. The relative fault of each Indemnifying Party or Indemnified Party, as the case may be, shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by (or that was failed to be supplied by) such Indemnifying Party or Indemnified Party, such party's relative intent, knowledge, access to information, and opportunity to correct or prevent such statement or omission. No Person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any Person who was not guilty of such fraudulent misrepresentation.

6.5 Other Indemnification. Indemnification similar to that specified in the preceding provisions of Section 6.1 (mutatis mutandis) shall be given by Charter and each seller of Registrable Securities to the applicable Indemnified Parties with respect to any required registration or other qualification of securities under any federal or state law or regulation or governmental authority other than the Securities Act.

7. Limitation on Other Registration Rights. Charter shall not grant to any Person any demand registration right, incidental registration right, or other right that would conflict with any of the rights granted to Stockholders herein.

8. Miscellaneous.

8.1 Notices.

(a) All notices, requests, demands, waivers, and other communications under this Agreement shall be in writing and shall be deemed to have been duly given if delivered personally, mailed, certified or registered mail with postage prepaid, or sent by reliable overnight courier, or facsimile transmission, to the address or facsimile number specified for the applicable party on Schedule A attached to this Agreement, or to such other Person, address, or facsimile number as any party shall specify by notice in writing to the other parties.

(b) Any notice or other communication to a party in accordance with the provisions of this Agreement shall be deemed to have been given (i) three Business Days after it is sent by certified or registered mail, postage prepaid, return receipt requested, (ii) upon receipt when delivered by hand or transmitted by facsimile (confirmation received), or (iii) one Business Day after it is sent by a reliable overnight courier service, with acknowledgment of receipt requested. Notwithstanding the preceding sentence, notice of change of address shall be effective only upon actual receipt thereof.

8.2 Amendment. Any provision of this Agreement may be amended or modified in whole or in part at any time by an agreement in writing among Charter and each Stockholder, executed in the same manner as this Agreement. No consent, waiver, or similar act shall be effective unless in writing.

8.3 Entire Agreement. This Agreement constitutes the entire agreement among the parties hereto and supersedes all prior agreements and understandings, oral and written, among the parties hereto with respect to the subject matter hereof.

8.4 Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed to be an original, but all of which together shall constitute one and the same instrument.

8.5 Governing Law. This Agreement shall be governed by and interpreted in accordance with the internal laws of the State of New York, without giving effect to principles of conflicts of laws.

8.6 Assignment.

(a) Except as expressly provided in this Section 8.6, the rights of the parties hereto cannot be transferred or assigned and any purported assignment or transfer to the contrary shall be void ab initio. So long as the terms of this Section 8.6 are followed, any Stockholder may transfer any of its rights under this Agreement, without the consent of Charter, to any Person to whom such holder transfers any Registrable Securities or any rights to acquire Registrable Securities, whether such transfer is by sale, gift, assignment, pledge, or otherwise:

(i) If the IPO has occurred or no Put Default has occurred with respect to such transferring Stockholder, then so long as (x) such transfer is not made pursuant to an effective Registration Statement or pursuant to Rule 144 or Rule 145 (or any successor provisions) under the Securities Act or in any other manner the effect of which is to cause the transferred securities to be freely transferable without regard to the volume and manner of sale limitations set forth in Rule 144 (or any successor provision) in the hands of the transferee as of the date of such transfer; and (y) such transfer is made to a Permitted Transferee.

(ii) If the IPO has not occurred and a Put Default has occurred with respect to such transferring Stockholder, then so long as (x) such transfer is not made pursuant to an effective Registration Statement or into the public market pursuant to Rule 144 or Rule 145 (or any successor provisions) under the Securities Act; and (y) such transfer is made to a Permitted Transferee.

(b) Notwithstanding Section 8.6(a), unless the IPO has not occurred and a Put Default has occurred with respect to such Stockholder, no Stockholder may assign any of its rights under this Agreement to any Person to whom such Stockholder transfers any Registrable Securities unless the transfer of such Registrable Securities did not require registration under the Securities Act.

(c) The nature and extent of any rights assigned shall be as agreed to between the assigning party and the assignee. No Person may be assigned any rights under this Agreement unless Charter is given written notice by the assigning party at the time of such assignment stating the name and address of the assignee, identifying the securities of Charter as to which the rights in question are being assigned, and providing a detailed description of the nature and extent of the rights that are being assigned. Any assignee hereunder shall receive such assigned rights subject to all the terms and conditions of this Agreement, including the provisions of this Section 8.6. Subject to the foregoing, this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.

8.7 Binding Agreement; No Third Party Beneficiaries. This Agreement will be binding upon and inure to the benefit of the parties hereto and their successors and permitted assigns. Except as set forth herein and by operation of law, no party to this Agreement may assign or delegate all or any portion of its rights, obligations, or liabilities under this Agreement without the prior written consent of each other party to this Agreement.

[Signature page follows.]

IN WITNESS WHEREOF, Charter and each of the other parties hereto has executed this Agreement as of the date first above written.

EXHIBIT H

PUT AGREEMENT

This Put Agreement ("Agreement") is made as of June 29, 1999, by and between Vulcan Ventures Inc., a Washington corporation ("Vulcan"), and the party set forth on the third signature page hereto (the "Holder"), with reference to the following facts:

A. Charter Communications Holding Company, LLC ("Charter LLC") is a party to that certain Purchase and Contribution Agreement (the "Purchase Agreement") of even date herewith, pursuant to which Charter LLC has agreed to acquire, subject to the terms and conditions set forth therein, all of the outstanding equity of Bresnan Communications Company Limited Partnership.

B. Vulcan is an entity controlled by Paul G. Allen ("Allen"), who is the controlling stockholder of Charter LLC's parent company.

C. Under the Purchase Agreement, the Holder has agreed to acquire, subject to the terms and conditions set forth therein, units of limited liability company interests in Charter LLC, which are exchangeable for shares of common stock of the entity through which Charter Communications, Inc. effects an initial public offering of indirect equity interests in Charter LLC ("PublicCo").

D. As an inducement for the Holder to enter into the Purchase Agreement, Charter LLC agreed that Allen would grant the Holder a put option substantially in the form of the Put Option Agreement attached hereto as Exhibit A (the "Allen Put"), and the execution and delivery of the Allen Put by Allen is a condition to closing under the Purchase Agreement.

E. Pending the delivery of the originally executed Allen Put to Sherman & Howard L.L.C. or such other escrow agent reasonably acceptable to the parties (the "Escrow Agent") or to the Holder, Vulcan has agreed to execute and deliver this Agreement to the Escrow Agent.

F. Upon the delivery of the originally executed Allen Put to the Escrow Agent or to the Holder, this Agreement shall terminate, all obligations and liabilities of Vulcan hereunder shall immediately terminate, and this Agreement shall be returned to Vulcan.

NOW, THEREFORE, in consideration of the respective covenants and agreements of the parties and the Holder's entering into the Purchase Agreement 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. Capitalized terms not otherwise defined herein have the meanings ascribed to such terms in the Purchase Agreement. As used in this Agreement, the following terms have the following meanings:

"Base Price" means the amount of the Equity Consideration divided by the aggregate number of Put Units of Charter LLC issued to the Sellers under the Purchase Agreement, as such number of Put Units may be increased or decreased following the closing under the Purchase Agreement in accordance with Paragraph C or D of Exhibit I to the Purchase Agreement (LLC Unit Formula Term Sheet).

"Exchange Agreement" means the exchange agreement entered into in accordance with Section 5.16 of the Purchase Agreement.

"Fair Market Value" means the fixed cash price at which a willing seller would sell and a willing buyer would buy, as of the date of exercise of the Put Option, all of the common equity of Charter LLC (or its successor) having full knowledge of all material facts, in an arm's length transaction with the expectation of concluding the purchase and sale within a reasonable time on the basis of an agreement containing customary terms and conditions. Section 3.4 describes the procedure for determining Fair Market Value.

"IPO" shall mean the consummation of a bona fide firm commitment underwritten public offering of the common stock of PublicCo involving aggregate gross proceeds of at least $500 million, or a series of such offerings with gross proceeds aggregating to at least $500 million.

"Permitted Bresnan Transferee" shall mean (i) any affiliate of William Bresnan ("WBresnan") that is, directly or indirectly, at least 80% owned or controlled by WBresnan, (ii) WBresnan'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 80% owned or controlled directly or indirectly by any of the foregoing persons, or (iii) WBresnan.

"Permitted Transferee" means (1) if the Holder is TCI Bresnan LLC or TCID of Michigan, Inc., any entity controlled by AT&T Corp.; (2) if the Holder is BCI (USA), LLC or William J. Bresnan, any Permitted Bresnan Transferee; and (3) if the Holder is Blackstone BC Capital Partners, L.P., Blackstone BC Offshore Capital Partners, L.P., or Blackstone Family Investment Partnership III L.P. then the Holder shall have no Permitted Transferees.

"Put Unit" means, initially, one unit of Charter LLC delivered to the initial Holder at the closing of the transactions contemplated by the Purchase Agreement and, after the closing under the Purchase Agreement, any additional or other interests, securities or other property received or receivable in respect of that which immediately prior to the relevant event comprised a Put Unit, whether as a result of a reorganization, merger, consolidation, recapitalization, reclassification, subdivision, combination, stock split, stock dividend, or other similar transaction, including without limitation shares of common stock of PublicCo received in respect of a Put Unit in accordance with the Exchange Agreement. Notwithstanding the foregoing, in the event additional units of Charter LLC are issued to the Holder (or the Holder surrenders Units to Charter LLC) following the closing under the Purchase Agreement in accordance with Exhibit I to the Purchase Agreement (LLC Unit Formula Term Sheet), such issuance (or surrender) will result in additional (or fewer) Put Units being outstanding (rather than adjusting that which is deemed to comprise a single Put Unit). By way of example, if after the Holder received 10,000 units of Charter LLC at the closing of the Purchase Agreement, Charter LLC terminated a pending acquisition and was obligated under the Purchase Agreement to issue to the Holder an additional 2,000 units, then the Holder would own 12,000 Put Units, each consisting of one Charter LLC unit. If each unit of Charter LLC were subsequently exchanged for 10 shares of PublicCo common stock, then the Holder would own 12,000 Put Units, each consisting of 10 shares of common stock. If the Holder then transferred 30,000 shares of PublicCo common stock to a Permitted Transferee, the Holder would then own 9,000 Put Units, each consisting of 10 shares of common stock.

2. Put Option. Vulcan hereby grants to the Holder, effective upon the closing of the transactions contemplated by the Purchase Agreement and the issuance of the Put Units and subject to the terms and conditions set forth herein, the right and option (the "Put Option"), exercisable by delivery of written notice to Vulcan during the Put Period (as defined in Section 7), to sell to Vulcan or its assignee, any or all of the Holder's Put Units. Upon the giving of such notice, Vulcan shall be obligated to buy or to cause its assignee to buy and the Holder shall be obligated to sell the Holder's Put Units as to which the Put Option has been exercised, at the price and upon the terms and conditions specified in Section 3. This Put Option may not be exercised more than once.

3. Purchase Price; Closing.

3.1 The purchase price per Put Unit to be paid upon the exercise of the Put Option (the "Purchase Price") shall be equal to:

(a) if an IPO has not occurred prior to the exercise of the Put Option, the higher of (i) the Base Price, and (ii) the value of such Put Unit based on such Put Unit's proportionate share of Fair Market Value; or

(b) if an IPO has occurred prior to the exercise of the Put Option, the Base Price, plus four and one-half percent (4.5%) thereof per year, compounded annually, for the period from the date of the closing under the Purchase Agreement through the closing of the purchase and sale of the Put Units hereunder (the "Closing").

3.2 The Purchase Price and the liabilities of Charter LLC and its non-corporate Subsidiaries attributable to any Put Unit purchased pursuant to this Put Agreement (together the "Purchase Consideration") shall be allocated among the portions of the assets of Charter LLC and its non-corporate Subsidiaries (to the extent applicable) attributable to the Put Unit in an allocation agreement (the "Allocation Agreement") to be prepared in accordance with the rules under Sections 743(b), 751, 755 and 1060 of the Internal Revenue Code. The parties agree that the Purchase Consideration shall be allocated among the assets of Charter LLC and its non-corporate subsidiaries by allocating an amount to the portion of the tangible assets of Charter LLC and its non-corporate subsidiaries attributable to the Put Unit equal to the portion of the book value for financial statement purposes of such tangible assets attributable to the Put Unit, allocating an amount to the portions of the stock of the corporate subsidiaries of Charter LLC attributable to the Put Unit equal to their fair value as reasonably determined by Charter LLC and allocating the remainder to the portion of the franchises of Charter LLC and its non-corporate subsidiaries attributable to the Put Unit. Vulcan shall deliver a draft of the Allocation Agreement to the Holder within thirty (30) days after the Closing and Vulcan and Holder shall mutually agree upon the Allocation Agreement. Neither Vulcan nor Holder shall unreasonably withhold its approval and consent with respect to the Allocation Agreement. Unless otherwise required by applicable law, Vulcan and Holder agree to act, and cause their respective affiliates to act, in accordance with the computations and allocations contained in the Allocation Agreement in any relevant tax returns or similar filings (including any forms or reports required to be filed pursuant to Section 1060 of the Code ("1060 Forms")), to cooperate in the preparation of any 1060 Forms, to file such 1060 Forms in the manner required by applicable law and to not take any position inconsistent with such Allocation Agreement upon examination of any tax refund or refund claim, in any litigation or otherwise.

3.3 At the Closing, (a) Vulcan or its assignee shall pay to the Holder the Purchase Price (or, if the next sentence applies, the Base Price) in immediately available funds by wire transfer or certified bank check; and (b) the Holder shall deliver to Vulcan or its assignee one or more certificates evidencing the Put Units to be purchased and sold at the Closing (if such Put Units are certificated securities), together with duly executed assignments separate from certificate in form and substance sufficient to effectuate the transfer of such Put Units to Vulcan or its assignee, together with a certificate of the Holder and its Permitted Transferee, if applicable, reaffirming the representations in Section 4. Notwithstanding the foregoing, if the Purchase Price per Put Unit is to be calculated pursuant to Section 3.1 above and if the Fair Market Value has not been determined by the Closing, then only the Base Price shall be paid at the Closing. Within 30 days after the date that the Fair Market Value has been determined in accordance with the terms of this Agreement, Vulcan or its assignee shall pay to the Holder, for each Put Unit purchased, the excess (if any) of the Purchase Price over the Base Price in immediately available funds by wire transfer or certified bank check.

3.4 The Closing shall be held at the offices of Irell & Manella LLP in Los Angeles, California, on a business day selected by Vulcan (as to which prompt written notice is to be given to the Holder) no later than 90 days after the delivery of notice that the Put Option is being exercised, or at such other time and place as the Holder and Vulcan may agree. The Holder and Vulcan 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.

3.5 Fair Market Value.

(a) At the request of a Holder in connection with its exercise of the Put Option, Vulcan and such Holder will attempt to agree on Fair Market Value. If they are unable to agree on Fair Market Value within 10 days of such request, then Vulcan and the Holder will each select within two business days after the end of such 10 day period a qualified appraiser, and such selected appraisers will, within 20 days of their selection, render their respective determinations of Fair Market Value. Such determinations will be delivered concurrently, so that Vulcan and the Holder 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 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 business days select a third qualified appraiser to determine Fair Market Value. The third appraiser will deliver to Vulcan and the Holder its determination of Fair Market Value within 20 days of its selection.

(c) If the Higher Initial Appraisal is greater than 105% but not greater than 120% of the Lower Initial Appraisal, then Fair Market Value will be equal to the average of the two of the three 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 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) Charter LLC will pay the cost of the appraisals and will promptly make available to Vulcan, the Holder, their respective representatives and the appraisers selected as provided above (subject to appropriate and customary confidentiality agreements) all information concerning Charter LLC and its finances and operations as may be reasonably requested for purposes of determining Fair Market Value.

4. Representations of the Holder. The Holder represents and warrants to Vulcan and any of its 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 the Closing, the Holder will own all of the Put Units required to be purchased and sold 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 Put Units (other than restrictions set forth in the Charter LLC Operating Agreement, those arising under applicable law and those arising under the organizational documents of the issuer of the Put Units)); (d) upon the transfer of the Put Units pursuant to Section 3, Vulcan or its assignee will receive good title to the Put Units, free and clear of all liens, encumbrances and adverse interests created by the Holder, other than those arising under applicable law or those arising under the organizational documents of the relevant issuer.

5. Termination of Put Option; Surrender of Put Agreement. Upon the execution and delivery of the executed Allen Put to the Escrow Agent or to the Holder, this Agreement and all liabilities and obligations of Vulcan hereunder shall immediately terminate and the Holder shall immediately surrender this Agreement to Vulcan (if the Agreement has previously been delivered to the Holder), whether or not the closing of the transactions contemplated by the Purchase Agreement have occurred.

6. Representations of Vulcan. Vulcan represents and warrants to the Holder and each Permitted Transferee that on the date hereof and at all times hereafter through the Closing: (a) Vulcan has full corporate 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 Vulcan, enforceable against Vulcan 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 his performance of his obligations under this Agreement will not, violate, conflict with or constitute a breach of, or a default under, its bylaws or articles of incorporation, 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 its assets (other than such violations, breaches, defaults, liens or security interests that would not materially and adversely affect its ability to perform its obligations under this Agreement).

7. Put Period.

7.1 The "Put Period" shall begin on the second anniversary of the Closing under the Purchase Agreement; provided, however, if any representation and warranty in Section 6 is or becomes untrue, the Put Period will begin at that point. Irrespective of the date on which the Put Period begins, the Put Period shall terminate at the close of business on the sixtieth day (or, if such day is not a business day, the next succeeding business day) after the second anniversary of the date of the closing under the Purchase Agreement.

7.2 Upon termination of the Put Period, this Put Option and all rights hereunder (other than rights associated with the proper exercise of the Put Option during the Put Period) shall immediately terminate.

7.3 The Put Option shall terminate as to any Put Units on the date on which such Put Units are first transferred by the Holder 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, to the address set forth in the Notice provision of the Purchase Agreement.

If to Vulcan:

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 may transfer some or all of its Put Units to any person or entity that is a Permitted Transferee, and the Holder may assign its rights under this Agreement with respect to the transferred Put Units, without the consent of Vulcan, to such Permitted Transferee.

(b) Upon the transfer of Put Units to any Permitted Transferee and the assignment to such Permitted Transferee of the Holder's rights under this Agreement with respect to the transferred Put Units, Vulcan and the Permitted Transferee will enter into a Put Agreement in the form hereof, and Vulcan and the Permitted Transferee will thereupon have the rights and be subject to the obligations set forth in such Put Agreement. A Permitted Transferee may only transfer Put Units to a person or entity who would have been "Permitted Transferees" of the original Holder of such Put Units.

(c) Vulcan is entitled, in his sole discretion, to assign his rights to purchase any Put Units under this Agreement to one or more entities controlled by Vulcan and organized under the laws of the United States or any state thereof, but no such assignment will relieve Vulcan of any of its obligations under this Agreement.

8.10 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.

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 Put Units 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.

8.16 No Obligations Until Purchase Transactions Close; Termination. Notwithstanding anything to the contrary herein, Vulcan shall have no obligations or liabilities whatsoever pursuant to this Agreement prior to the closing of the transactions contemplated pursuant to the Purchase Agreement. Upon the termination of the Purchase Agreement, this Agreement shall immediately terminate (without further action required by Vulcan) and Vulcan shall have no further liabilities or obligations hereunder.

8.17 No Obligations With Respect to the Purchase Agreement. Vulcan shall have no obligations or liabilities under the Purchase Agreement (or any related documents or agreements, except for this Agreement) or under any claim based on, in respect of, or by reason of, any representations, warranties, covenants, obligations or liabilities set forth therein (collectively, "Purchase Agreement Obligations"). By executing this Agreement, and as consideration for Vulcan's execution of this Agreement, the Holder hereby waives and releases Vulcan of any and all claims in respect of Purchase Agreement Obligations.

[SIGNATURES BEGIN ON FOLLOWING PAGE]

[FIRST SIGNATURE PAGE TO PUT OPTION]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the date first set forth above.

VULCAN VENTURES INC.

By: ________________________________
Name: William D. Savoy

Title: Vice President

[SECOND SIGNATURE PAGE TO PUT OPTION]

Its signature below evidences solely the agreement of Charter LLC to comply with its obligations described in Section 3.5. Charter LLC shall have no other obligations or liabilities hereunder.

CHARTER COMMUNICATIONS
HOLDING COMPANY, LLC

By: _________________________________
Name:

Title:

[THIRD SIGNATURE PAGE TO PUT OPTION]

BRESNAN COMMUNICATIONS COMPANY
LIMITED PARTNERSHIP

By: BCI (USA), LLC, its General Partner
By: Bresnan Communications, Inc., its
Managing Member

By:________________________________

Name: _____________________________

Title______________________________

[THIRD SIGNATURE PAGE TO PUT OPTION]

BCI (USA), LLC

By: Bresnan Communications, Inc., its Managing Member

By:________________________________

Name: _____________________________

Title______________________________

[THIRD SIGNATURE PAGE TO PUT OPTION]

William J. Bresnan, individually

[THIRD SIGNATURE PAGE TO PUT OPTION]

TCID OF MICHIGAN, INC.

By:______________________________

Name: ___________________________

Title____________________________

[THIRD SIGNATURE PAGE TO PUT OPTION]

TCI BRESNAN LLC

By:_____________________________

Name: __________________________

Title___________________________

[THIRD SIGNATURE PAGE TO PUT OPTION]

BLACKSTONE BC CAPITAL PARTNERS L.P.
By: Blackstone Management Associates III
L.L.C., its General Partner

By:________________________________

Name: ______________________________

Title______________________________

[THIRD SIGNATURE PAGE TO PUT OPTION]

BLACKSTONE FAMILY INVESTMENT
PARTNERSHIP III L.P.
By: Blackstone Management Associates III
L.L.C., its General Partner

By:_________________________________

Name: ______________________________

Title________________________________

[THIRD SIGNATURE PAGE TO PUT OPTION]

BLACKSTONE BC OFFSHORE CAPITAL
PARTNERS L.P.
By: Blackstone Management Associates III
L.L.C., its Investment General Partner

By:________________________________

Name: ______________________________

Title______________________________

PUT AGREEMENT

This Put Agreement ("Agreement") is made as of June 29, 1999, by and between Paul G. Allen, an individual ("Allen"), and the party set forth on the third signature page hereto (the "Holder"), with reference to the following facts:

A. Charter Communications Holding Company, LLC ("Charter LLC") is a party to that certain Purchase and Contribution Agreement (the "Purchase Agreement") of even date herewith, pursuant to which Charter LLC has agreed to acquire, subject to the terms and conditions set forth therein, all of the outstanding equity of Bresnan Communications Company Limited Partnership. Allen is the controlling stockholder of Charter LLC's parent company and expects to derive benefit upon the closing of the transactions contemplated by the Purchase Agreement.

B. Under the Purchase Agreement, the Holder has agreed to acquire, subject to the terms and conditions set forth therein, units of limited liability company interests in Charter LLC, which are exchangeable for shares of common stock of the entity through which Charter Communications, Inc. effects an initial public offering of indirect equity interests in Charter LLC ("PublicCo").

C. As an inducement for the Holder to enter into the Purchase Agreement, Charter LLC agreed that Allen would grant the Holder the Put Option provided for herein, and the execution and delivery of this Agreement by Allen is a condition to the Holder's performance of its obligations under the Purchase Agreement.

NOW, THEREFORE, in consideration of the respective covenants and agreements of the parties and the Holder's entering into the Purchase Agreement 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. Capitalized terms not otherwise defined herein have the meanings ascribed to such terms in the Purchase Agreement. As used in this Agreement, the following terms have the following meanings:

"Base Price" means the amount of the Equity Consideration divided by the aggregate number of Put Units of Charter LLC issued to the Sellers under the Purchase Agreement, as such number of Put Units may be increased or decreased following the closing under the Purchase Agreement in accordance with Paragraph C or D of Exhibit I to the Purchase Agreement (LLC Unit Formula Term Sheet).

"Exchange Agreement" means the exchange agreement entered into in accordance with Section 5.16 of the Purchase Agreement.

"Fair Market Value" means the fixed cash price at which a willing seller would sell and a willing buyer would buy, as of the date of exercise of the Put Option, all of the common equity of Charter LLC (or its successor) having full knowledge of all material facts, in an arm's length transaction with the expectation of concluding the purchase and sale within a reasonable time on the basis of an agreement containing customary terms and conditions. Section 3.4 describes the procedure for determining Fair Market Value.

"IPO" shall mean the consummation of a bona fide firm commitment underwritten public offering of the common stock of PublicCo involving aggregate gross proceeds of at least $500 million, or a series of such offerings with gross proceeds aggregating to at least $500 million.

"Permitted Bresnan Transferee" shall mean (i) any affiliate of William Bresnan ("WBresnan") that is, directly or indirectly, at least 80% owned or controlled by WBresnan, (ii) WBresnan'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 80% owned or controlled directly or indirectly by any of the foregoing persons, or (iii) WBresnan.

"Permitted Transferee" means (1) if the Holder is TCI Bresnan LLC or TCID of Michigan, Inc., any entity controlled by AT&T Corp.; (2) if the Holder is BCI (USA), LLC or William J. Bresnan, any Permitted Bresnan Transferee; and (3) if the Holder is Blackstone BC Capital Partners, L.P., Blackstone BC Offshore Capital Partners, L.P., or Blackstone Family Investment Partnership III L.P. then the Holder shall have no Permitted Transferees.

"Put Unit" means, initially, one unit of Charter LLC delivered to the initial Holder at the closing of the transactions contemplated by the Purchase Agreement and, after the closing under the Purchase Agreement, any additional or other interests, securities or other property received or receivable in respect of that which immediately prior to the relevant event comprised a Put Unit, whether as a result of a reorganization, merger, consolidation, recapitalization, reclassification, subdivision, combination, stock split, stock dividend, or other similar transaction, including without limitation shares of common stock of PublicCo received in respect of a Put Unit in accordance with the Exchange Agreement. Notwithstanding the foregoing, in the event additional units of Charter LLC are issued to the Holder (or the Holder surrenders Units to Charter LLC) following the closing under the Purchase Agreement in accordance with Exhibit I to the Purchase Agreement (LLC Unit Formula Term Sheet), such issuance (or surrender) will result in additional (or fewer) Put Units being outstanding (rather than adjusting that which is deemed to comprise a single Put Unit). By way of example, if after the Holder received 10,000 units of Charter LLC at the closing of the Purchase Agreement, Charter LLC terminated a pending acquisition and was obligated under the Purchase Agreement to issue to the Holder an additional 2,000 units, then the Holder would own 12,000 Put Units, each consisting of one Charter LLC unit. If each unit of Charter LLC were subsequently exchanged for 10 shares of PublicCo common stock, then the Holder would own 12,000 Put Units, each consisting of 10 shares of common stock. If the Holder then transferred 30,000 shares of PublicCo common stock to a Permitted Transferee, the Holder would then own 9,000 Put Units, each consisting of 10 shares of common stock.

2. Put Option. Allen hereby grants to the Holder, effective upon the closing of the transactions contemplated by the Purchase Agreement and the issuance of the Put Units to the Holder and subject to the terms and conditions set forth herein, the right and option (the

"Put Option"), exercisable by delivery of written notice to Allen during the Put Period (as defined in Section 7), to sell to Allen or his designee, any or all of the Holder's Put Units. Upon the giving of such notice, Allen shall be obligated to buy or to cause his designee to buy and the Holder shall be obligated to sell the Holder's Put Units as to which the Put Option has been exercised, at the price and upon the terms and conditions specified in Section 3. This Put Option may not be exercised more than once.

3. Purchase Price; Closing.

3.1 The purchase price per Put Unit to be paid upon the exercise of the Put Option (the "Purchase Price") shall be equal to:

(a) if an IPO has not occurred prior to the exercise of the Put Option, the higher of (i) the Base Price, and (ii) the value of such Put Unit based on such Put Unit's proportionate share of Fair Market Value; or

(b) if an IPO has occurred prior to the exercise of the Put Option, the Base Price, plus four and one-half percent (4.5%) thereof per year, compounded annually, for the period from the date of the closing under the Purchase Agreement through the closing of the purchase and sale of the Put Units hereunder (the "Closing").

3.2 The Purchase Price and the liabilities of Charter LLC and its non-corporate Subsidiaries attributable to any Put Unit purchased pursuant to this Put Agreement (together the "Purchase Consideration") shall be allocated among the portions of the assets of Charter LLC and its non-corporate Subsidiaries (to the extent applicable) attributable to the Put Unit in an allocation agreement (the "Allocation Agreement") to be prepared in accordance with the rules under Sections 743(b), 751, 755 and 1060 of the Internal Revenue Code. The parties agree that the Purchase Consideration shall be allocated among the assets of Charter LLC and its non-corporate subsidiaries by allocating an amount to the portion of the tangible assets of Charter LLC and its non-corporate subsidiaries attributable to the Put Unit equal to the portion of the book value for financial statement purposes of such tangible assets attributable to the Put Unit, allocating an amount to the portions of the stock of the corporate subsidiaries of Charter LLC attributable to the Put Unit equal to their fair value as reasonably determined by Charter LLC and allocating the remainder to the portion of the franchises of Charter LLC and its non-corporate subsidiaries attributable to the Put Unit. Allen shall deliver a draft of the Allocation Agreement to the Holder within thirty (30) days after the Closing and Allen and Holder shall mutually agree upon the Allocation Agreement. Neither Allen nor Holder shall unreasonably withhold its approval and consent with respect to the Allocation Agreement. Unless otherwise required by applicable law, Allen and Holder agree to act, and cause their respective affiliates to act, in accordance with the computations and allocations contained in the Allocation Agreement in any relevant tax returns or similar filings (including any forms or reports required to be filed pursuant to Section 1060 of the Code ("1060 Forms")), to cooperate in the preparation of any 1060 Forms, to file such 1060 Forms in the manner required by applicable law and to not take any position inconsistent with such Allocation Agreement upon examination of any tax refund or refund claim, in any litigation or otherwise.

3.3 At the Closing, (a) Allen or his designee shall pay to the Holder the Purchase Price (or, if the next sentence applies, the Base Price) in immediately available funds by wire transfer or certified bank check; and (b) the Holder shall deliver to Allen or his designee one or more certificates evidencing the Put Units to be purchased and sold at the Closing (if such Put Units are certificated securities), together with duly executed assignments separate from certificate in form and substance sufficient to effectuate the transfer of such Put Units to Allen or his designee, together with a certificate of the Holder and its Permitted Transferee, if applicable, reaffirming the representations in Section 4. Notwithstanding the foregoing, if the Purchase Price per Put Unit is to be calculated pursuant to Section 3.1 above and if the Fair Market Value has not been determined by the Closing, then only the Base Price shall be paid at the Closing. Within 30 days after the date that the Fair Market Value has been determined in accordance with the terms of this Agreement, Allen or his designee shall pay to the Holder, for each Put Unit purchased, the excess (if any) of the Purchase Price over the Base Price in immediately available funds by wire transfer or certified bank check.

3.4 The Closing shall be held at the offices of Irell & Manella LLP in Los Angeles, California, on a business day selected by Allen (as to which prompt written notice is to be given to the Holder) no later than 90 days after the delivery of notice that the Put Option is being exercised, 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.

3.5 Fair Market Value.

(a) At the request of a Holder in connection with its exercise of the Put Option, Allen and such Holder will attempt to agree on Fair Market Value. If they are unable to agree on Fair Market Value within 10 days of such request, then Allen and the Holder will each select within two business days after the end of such 10 day period a qualified appraiser, and such selected appraisers will, within 20 days of their selection, render their respective determinations of Fair Market Value. Such determinations will be delivered concurrently, so that Allen and the Holder 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 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 business days select a third qualified appraiser to determine Fair Market Value. The third appraiser will deliver to Allen and the Holder its determination of Fair Market Value within 20 days of its selection.

(c) If the Higher Initial Appraisal is greater than 105% but not greater than 120% of the Lower Initial Appraisal, then Fair Market Value will be equal to the average of the two of the three 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 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) Charter LLC will pay the cost of the appraisals and will promptly make available to Allen, the Holder, their respective representatives and the appraisers selected as provided above (subject to appropriate and customary confidentiality agreements) all information concerning Charter LLC and its finances and operations as may be reasonably requested for purposes of determining Fair Market Value.

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 the Closing, the Holder will own all of the Put Units required to be purchased and sold 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 Put Units (other than restrictions set forth in the Charter LLC Operating Agreement, those arising under applicable law and those arising under the organizational documents of the issuer of the Put Units)); (d) upon the transfer of the Put Units pursuant to Section 3, Allen or his designee will receive good title to the Put Units, free and clear of all liens, encumbrances and adverse interests created by the Holder, other than those arising under applicable law or those arising under the organizational documents of the relevant issuer.

5. Transfer of CCI Stock. If Allen transfers more than 5% of his shares of Charter Communications Inc. ("CCI") in any one transaction, or has transferred more than 20% of his shares in CCI cumulatively, to any other entity or entities controlled by him, Allen will concurrently with each such transfer cause such other entity to enter into a counterpart of this Put Agreement, so that the entity or entities holding such shares becomes a joint and several obligor with respect to the Put Option; provided, however, that for purposes of determining whether the 20% threshold has been reached, Allen shall be deemed to own any shares owned by an entity that has previously executed a counterpart to this Put Agreement pursuant to this Section 5.

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, 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; (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 the Holder made no more frequently than every 180 days, Allen will within 10 days of such request deliver to the Holder 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. Put Period.

7.1 The "Put Period" shall begin on the second anniversary of the Closing under the Purchase Agreement; provided, however, if any representation and warranty in Section 6 is or becomes untrue, the Put Period will begin at that point. Irrespective of the date on which the Put Period begins, the Put Period shall terminate at the close of business on the sixtieth day (or, if such day is not a business day, the next succeeding business day) after the second anniversary of the date of the closing under the Purchase Agreement.

7.2 Upon termination of the Put Period, this Put Option and all rights hereunder (other than rights associated with the proper exercise of the Put Option during the Put Period) shall immediately terminate.

7.3 The Put Option shall terminate as to any Put Units on the date on which such Put Units are first transferred by the Holder 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, to the address set forth in the Notice provision of the Purchase Agreement.

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 may transfer some or all of its Put Units to any person or entity that is a Permitted Transferee, and the Holder may assign its rights under this Agreement with respect to the transferred Put Units, without the consent of Allen, to such Permitted Transferee.

(b) Upon the transfer of Put Units to any Permitted Transferee and the assignment to such Permitted Transferee of the Holder's rights under this Agreement with respect to the transferred Put Units, Allen and the Permitted Transferee will enter into a Put Agreement in the form hereof, and Allen and the Permitted Transferee will thereupon have the rights and be subject to the obligations set forth in such Put Agreement. A Permitted Transferee may only transfer Put Units to a person or entity who would have been "Permitted Transferees" of the original Holder of such Put Units.

(c) Allen is entitled, in his sole discretion, to assign his rights to purchase any Put Units under this Agreement to one or more entities controlled by Allen and organized under the laws of the United States or any state thereof, 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 New York, 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 Put Units 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.

8.16 No Obligations Until Purchase Transactions Close; Termination. Notwithstanding anything to the contrary herein, Allen shall have no obligations or liabilities whatsoever pursuant to this Agreement prior to the closing of the transactions contemplated pursuant to the Purchase Agreement. Upon the termination of the Purchase Agreement, this Agreement shall immediately terminate (without further action required by Allen) and Allen shall have no further liabilities or obligations hereunder.

8.17 No Obligations With Respect to the Purchase Agreement. Allen shall have no obligations or liabilities under the Purchase Agreement (or any related documents or agreements, except for this Agreement) or under any claim based on, in respect of, or by reason of, any representations, warranties, covenants, obligations or liabilities set forth therein (collectively, "Purchase Agreement Obligations"). By executing this Agreement, and as consideration for Allen's execution of this Agreement, the Holder hereby waives and releases Allen of any and all claims in respect of Purchase Agreement Obligations.

[SIGNATURES BEGIN ON FOLLOWING PAGE]

[FIRST SIGNATURE PAGE TO PUT OPTION]

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

[SECOND SIGNATURE PAGE TO PUT OPTION]

Its signature below evidences solely the agreement of Charter LLC to comply with its obligations described in Section 3.5. Charter LLC shall have no other obligations or liabilities hereunder.

CHARTER COMMUNICATIONS
HOLDING COMPANY, LLC

By:

Name:

Title:

[THIRD SIGNATURE PAGE TO PUT OPTION]

BRESNAN COMMUNICATIONS COMPANY
LIMITED PARTNERSHIP

By: BCI (USA), LLC, its General Partner
By: Bresnan Communications, Inc., its
Managing Member

By:______________________________

Name: ____________________________

Title_____________________________

[THIRD SIGNATURE PAGE TO PUT OPTION]

BCI (USA), LLC

By: Bresnan Communications, Inc.,
its Managing Member

By:_____________________________

Name: ___________________________

Title____________________________

[THIRD SIGNATURE PAGE TO PUT OPTION]

William J. Bresnan, individually

[THIRD SIGNATURE PAGE TO PUT OPTION]

TCID OF MICHIGAN, INC.

By:__________________________

Name: _______________________

Title________________________

[THIRD SIGNATURE PAGE TO PUT OPTION]

TCI BRESNAN LLC

By:______________________________

Name: ___________________________

Title____________________________

[THIRD SIGNATURE PAGE TO PUT OPTION]

BLACKSTONE BC CAPITAL
By: Blackstone Management Associates III
L.L.C., its General Partner

By:___________________________________

Name: ________________________________

Title_________________________________

[THIRD SIGNATURE PAGE TO PUT OPTION]

BLACKSTONE FAMILY INVESTMENT
PARTNERSHIP III L.P.
By: Blackstone Management Associates III
L.L.C., its General Partner

By:________________________________

Name: _____________________________

Title______________________________

[THIRD SIGNATURE PAGE TO PUT OPTION]

BLACKSTONE BC OFFSHORE CAPITAL PARTNERS L.P.
By: Blackstone Management Associates III
L.L.C., its Investment General Partner

By:___________________________________

Name: ________________________________

Title_________________________________

EXHIBIT I

LLC UNIT FORMULA TERM SHEET

A. The number of units ("Units") of Charter Communications Holding Company, LLC ("Charter LLC") issued to the Bresnan partners will be a fraction of all Units in Charter LLC outstanding on the Closing plus any Units expected to be issued under acquisitions described on Attachment A or in Paragraph B(5) (such sum, the "Total Estimated Units"), the numerator of which will equal the amount of the Equity Consideration (as defined in the Purchase Agreement), and the denominator of which will equal the Charter Holdings Value calculated pursuant to the methodology set forth on Attachment A hereto.

B. "Charter Holdings Value" will equal $27,173,760,000:

(1) less liabilities (other than deferred taxes) and preferred equity of Charter LLC and its Subsidiaries (determined on a consolidated basis in accordance with Generally Accepted Accounting Principles) at the Closing, and less Charter LLC's best estimate of the pro forma liabilities (other than deferred taxes) and preferred equity to be incurred or assumed in connection with the transactions included in Attachment A, if any, which are pending but not yet consummated at Closing,

(2) plus, with respect to acquisitions of assets that consist predominantly of cable television systems in the U.S. ("Cable Assets"), that are acquired by Charter LLC or its Subsidiaries on or before the Closing, and that are not reflected on Attachment A other than assets described in clause (4), the product of 17 and the projected EBITDA of such assets for fiscal year ended December 31, 2000, determined in good faith on a reasonable basis and otherwise in a manner consistent with the methodology employed in estimating future EBITDA for the acquired companies referred to in Attachment A,

(3) plus, with respect to acquisitions of non-Cable Assets that are acquired by Charter LLC or its Subsidiaries on or before the Closing and that are not reflected on Attachment A (other than assets described in clause (4)), the fair market value of such assets determined by a nationally recognized valuation firm reasonably acceptable to Charter LLC and the Bresnan Holders (an "Appraiser"),

(4) plus, the fair market value, as determined by an Appraiser of assets that are acquired by or contributed to Charter LLC on or before the Closing from parties related to CCI, provided that Cable Assets will be valued in accordance with clause (2),

(5) plus, with respect to acquisitions of Cable Assets not included in Attachment A that are subject to definitive agreements entered into prior to the Closing, but which have not been acquired by Charter LLC or its Subsidiaries on or before Closing, the product of 17 and the projected EBITDA of such assets for fiscal year ended December 31, 2000, determined in good faith on a reasonable basis and otherwise in a manner consistent with the methodology employed in estimating future EBITDA for the acquired companies referred to in Attachment A, less Charter LLC's best

estimate of the pro forma liabilities (other than deferred taxes) and preferred equity to be incurred or assumed in connection with such acquisitions.

C. After the Closing, to the extent that the assets described in clause (5) above or included in Attachment A hereto have not been acquired by Charter LLC or its Subsidiaries and the "Definitive Agreements" to which such assets are subject are terminated, then the Bresnan Holders shall be issued additional Units in Charter LLC in an amount sufficient to provide the Bresnan Holders with the same economic interests in Charter LLC that they would have had (i) if the Charter Holdings Value determined at the Closing had been (x) reduced by the value of such assets as determined on Attachment A or as determined in clause (5) above, and (y) increased by any liabilities (other than deferred taxes) and preferred equity previously subtracted pursuant to clause (1) or (5) above, estimated to have been incurred or assumed in respect of transactions referred to in Attachment A or clause (1) or (5) above that are not consummated, (ii) taking into account distributions from Charter LLC to its members and other events occurring after the Closing but prior to the issuance of additional Units to the Bresnan Holders and (iii) reducing the number of Total Estimated Units by the number of Units that had been expected to be issued in such terminated transaction. Similarly, if the amount of liabilities (other than deferred taxes) and preferred stock actually incurred or assumed in connection with a pending transaction is different from the amounts estimated to be incurred or assumed for purposes of clauses (1) or (5) as a result of an increase or decrease in the amount of common equity assumed to be contributed in connection with the relevant transaction, an appropriate adjustment to Charter Holdings Value will be made, and either additional Units will be issued to the Bresnan Holders or Units will be surrendered to Charter LLC by the Bresnan Holders, in each case, pro rata based on the relative amount of Equity Consideration received by each such Bresnan Holder.

D. If the purchase price for any of the transactions included in Attachment A is reduced after the date of the Purchase Agreement, whether before of after the Closing, an appropriate redetermination of the Charter Holdings Value will be made to account for any lower projection of 2000 EBITDA that relates to such reduction. If such a redetermination occurs after the Closing, the Bresnan Holders will receive additional Units pro rata based on the relative amount of Equity Consideration received by each such Bresnan Holder.

E. The Bresnan Holders shall have reasonable access to the information and documents necessary to verify the calculations made in accordance with the methodology set forth above.

ATTACHMENT A
TO
LLC UNIT FORMULA TERM SHEET

Charter Communications, Inc. Ownership Percentage Calculation
(all amounts in 000's)

Projected 2000 EBITDA*	$ 1,578,200
Multiple	17.0
Enterprise Value	$ 26,829,400
Plus Strike Price of Options**	$ 344,360
Subtotal: Enterprise Value	$ 27,173,760
Less Pro-Forma Debt At Closing	$(10,897,000)
Equity Value	$ 16,276,760
Equity Contributed by Bresnan***	$ 1,000,000
Pro-Forma Ownership Percentage	6.14%

* See Next Page

** Assumes all options are exercised

***Assumes Equity Consideration is $1 billion

Charter Communications, Inc.
Historical/Pro-forma System Cash Flow

(All amounts in thousands)

	1998 Per S-4	Projected 1999	Projected 2000
Charter/Marcus	$ 490,767	$ 540,600	$ 595,600
American Cable	$ 18,843	$ 19,700	$ 21,700
Renaissance	$ 31,116	$ 35,300	$ 38,800
Greater Media	$ 33,756	$ 39,600	$ 40,700
Intermedia	$ 89,174	$ 95,800	$ 104,700
Helicon	$ 38,230	$ 45,400	$ 49,900
Rifkin	$ 100,086	$ 115,300	$ 126,600
Vista	$ 7,991	$ 10,900	$ 12,600
Total System Cash Flow for Charter Holdings	$ 809,963	$ 902,600	$ 990,600
Less Corporate Overhead		--	$ (30,000)
Charter EBITDA			$ 960,600
Avalon			$ 62,200
Falcon			$ 248,000
Fanch			$ 147,400
Bresnan			$ 160,000
Total Charter			$1,578,200

FINAL

EXHIBIT J

TCI PUT AGREEMENT

This Put Agreement ("Agreement") is made as of ______ __, 2000, by and among Charter Communications Holding Company, LLC, a Delaware limited liability company ("Charter LLC"), TCI Bresnan LLC, a Delaware limited liability company ("TCI Bresnan") and TCID of Michigan, Inc., a Nevada corporation ("TCID-MI") (each of TCI Bresnan and TCID-MI a "Holder," and collectively, the "Holders"), with reference to the following facts:

A. Charter LLC is a party to that certain Purchase and Contribution Agreement dated as of June 29, 1999 (the "Purchase Agreement"), pursuant to which Charter LLC is acquiring, as of the date hereof, all of the outstanding equity of Bresnan Communications Company Limited Partnership.

B. Under the Purchase Agreement, the Holders are acquiring, as of the date hereof, units of limited liability company interests in Charter LLC, which are exchangeable for shares of common stock of the entity through which Charter Communications, Inc. effects an initial public offering of indirect equity interests in Charter LLC ("PublicCo").

C. As an inducement for the Holders to consummate the transactions contemplated by the Purchase Agreement, Charter LLC agreed to grant the Holders the Put Options provided for herein, and the execution and delivery of this Agreement by Charter LLC is a condition to closing under the Purchase Agreement.

NOW, THEREFORE, in consideration of the respective covenants and agreements of the parties and the Holders' consummating the transactions contemplated by the Purchase Agreement 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. Capitalized terms not otherwise defined herein have the meanings ascribed to such terms in the Purchase Agreement. As used in this Agreement, the following terms have the following meanings:

"Affiliate" means, with respect to any Person, any other Person controlling, controlled by or under common control with the specified Person, where "control" means the ownership, directly or indirectly, of voting securities representing the right generally to elect a majority of the directors (or similar officials) of a Person or the possession, by contract or otherwise, of the authority to direct the management and policies of a Person.

"Annual Put Period" means the 90-day period beginning on __________ [insert month and day of closing] for each of the years ________ [2003 (i.e., third year after closing)] through __________ [2010 (i.e., tenth year after closing)].

"Average Trading Price" as of any date, with respect to any securities, means the average for the twenty full trading days preceding such date of (i) the last reported sales prices, regular way, as reported on the principal national securities exchange 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 sales prices, regular way, as reported on the Nasdaq National Market 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 to 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 this definition, a "trading day" means a day on which the principal national securities exchange on which such securities are listed or admitted to trading, or the Nasdaq National Market or the Nasdaq Stock Market, as applicable, if such securities are 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 securities are not listed or admitted to trading on any national securities exchange, the Nasdaq National Market or the Nasdaq Stock Market, 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.

"Capped Ownership Put Option" means the Put Option provided in Section 2.1.2.

"Capped Ownership Put Period" means (i) with respect to any Proposed Transaction (other than transactions pursuant to Public Equity Repurchase Programs), the period beginning on the date that is two (2) days prior to the closing of the Proposed Transaction (or, if later, the date notice is received by the Holders pursuant to Section 2.1.1(b) with respect to such Proposed Transaction) and ending on the 90th day following such beginning date, and (ii) with respect to a Public Equity Repurchase Program, the period beginning on the date on which the Put Units owned by Holders (and their Permitted Transferees) represent more than 4.9%, in the aggregate, of all of the outstanding common equity interests in Charter LLC, and ending 90 days after the beginning of such period (or, if later, 5 days after termination of the Public Equity Repurchase Program in question).

"Exchange Act" shall mean the Securities Exchange Act of 1934, as amended.

"Exchange Agreement" means the exchange agreement entered into in accordance with Section 5.16 of the Purchase Agreement.

"Executive Officer" shall have the meaning set forth in Rule 3b-7 under the Exchange Act.

"Fair Market Value" means the fixed cash price at which a willing seller would sell and a willing buyer would buy, as of the date of exercise of any Put Option, all of the common equity of Charter LLC (or its successor) having full knowledge of all material facts, in an arm's length transaction with the expectation of concluding the purchase and sale within a reasonable time on the basis of an agreement containing customary terms and conditions. Section 3.5 describes the procedure for determining Fair Market Value.

"IPO" shall mean the consummation of a bona fide firm commitment underwritten public offering of the common stock of PublicCo involving aggregate gross proceeds of at least $500 million, or a series of such offerings with gross proceeds aggregating to at least $500 million.

"Permitted Transferee" shall mean any entity controlled by AT&T Corp.

"Person" means any natural person, corporation, general or limited partnership, limited liability company, joint venture, trust, association or unincorporated entity of any kind.

"Proposed Transaction" shall have the meaning set forth in Section 2.1.1.

"Public Equity Repurchase Program" means a repurchase program by PublicCo or an Affiliate thereof of PublicCo's common equity securities in the public markets (or other similar program or series of transactions).

"Publicly Traded" shall have the following meaning: PublicCo shall be "Publicly Traded" on any date (i) if an IPO has occurred prior to such date and, on such date, (ii) the aggregate value of common equity securities of PublicCo (determined based on the Average Trading Price of such securities calculated as of the trading day immediately preceding such date) held by all Persons who are not Affiliates or Executive Officers of PublicCo exceeds $500 million, (iii) the number of outstanding common equity securities of PublicCo owned by Persons who are not Affiliates or Executive Officers of PublicCo is greater than one-sixth of the aggregate number of common equity securities of PublicCo sold in the IPO and (iv) PublicCo is subject to the reporting requirements under Section 12 or Section 15 of the Exchange Act and is not eligible to terminate such reporting pursuant to the rules and regulations adopted pursuant to the Exchange Act.

"Put Period" means the Capped Ownership Put Period or any Annual Put Period, as applicable.

"Put Unit" means, initially, one unit of Charter LLC delivered to the initial Holders at the closing of the transactions contemplated by the Purchase Agreement and, after the closing under the Purchase Agreement, any additional or other interests, securities or other property received or receivable in respect of that which immediately prior to the relevant event comprised a Put Unit, whether as a result of a reorganization, merger, consolidation, recapitalization, reclassification, subdivision, combination, stock split, stock dividend, or other similar transaction, including without limitation shares of common stock of PublicCo received in respect of a Put Unit in accordance with the Exchange Agreement. Notwithstanding the foregoing, in the event additional units of Charter LLC are issued to the Holder (or the Holder surrenders Units to Charter LLC) following the closing under the Purchase Agreement in accordance with Exhibit I to the Purchase Agreement (LLC Unit Formula Term Sheet), such issuance (or surrender) will result in additional (or fewer) Put Units being outstanding (rather than adjusting that which is deemed to comprise a single Put

Unit). By way of example, if after the Holder received 10,000 units of Charter LLC at the closing of the Purchase Agreement, Charter LLC terminated a pending acquisition and was obligated under the Purchase Agreement to issue to the Holder an additional 2,000 units, then the Holder would own 12,000 Put Units, each consisting of one Charter LLC unit. If each unit of Charter LLC were subsequently exchanged for 10 shares of PublicCo common stock, then the Holder would own 12,000 Put Units, each consisting of 10 shares of common stock. If the Holder then transferred 30,000 shares of PublicCo common stock to a Permitted Transferee, the Holder would then own 9,000 Put Units, each consisting of 10 shares of common stock.

2. Put Option Rights. Charter LLC hereby grants to the Holder, subject to the terms and conditions set forth herein, the following rights and options (each, a "Put Option", and collectively, the "Put Options"):

2.1 Capped Ownership Put Option.

2.1.1 Charter LLC to Provide Notice to Holders of Certain Transactions. Charter LLC shall give written notice to the Holders (a) prior to the commencement of a Public Equity Repurchase Program, and (b) no later than 15 days prior to the consummation of any proposed transaction (other than a transaction pursuant to a Public Equity Repurchase Program) the effect of which would reasonably be expected to cause the Put Units owned by the Holders (and their Permitted Transferees) to represent more than 4.9% in the aggregate of all of the common equity interests of Charter LLC (either type of transaction, a "Proposed Transaction"). In addition, Charter LLC shall give written notice to the Holders promptly following the termination of a Public Equity Repurchase Program. Charter LLC shall provide the Holders with such information as is reasonably requested by the Holders regarding the expected timing of a Proposed Transaction and the expected effect of such Proposed Transaction on the percentage ownership of the Holders (and their Permitted Transferees) (subject to reasonable and customary confidentiality agreements).

2.1.2 With respect to any Proposed Transaction, the Holders shall each have the right, exercisable by delivery of written notice to Charter LLC during the Capped Ownership Put Period with respect to such Proposed Transaction, to sell to Charter LLC or its designee, a number of such Holder's Put Units not to exceed the amount necessary to cause the Put Units owned by the Holders (and their Permitted Transferees) not to be more than 4.9% in the aggregate of all of the common equity interests of Charter LLC. Notwithstanding the foregoing, in no event shall a Holder be permitted to exercise the Capped Ownership Put Option if PublicCo is Publicly Traded at the time the Holder wishes to exercise such Put Option. Upon the giving of the notice of exercise described above, Charter LLC shall be obligated to buy or to cause its designee to buy, and the Holder shall be obligated to sell, the number of Holder's Put Units as to which the Capped Ownership Put Option has validly been exercised, at the price and upon the terms and conditions specified in Section 3.

2.2 Annual Put Option. TCI Bresnan shall have the right, exercisable by delivery of written notice to Charter LLC during any Annual Put Period, to sell to Charter LLC or its designee, any or all of TCI Bresnan's Put Units; provided, however, in no event shall TCI Bresnan be permitted to exercise the Annual Put Option if PublicCo is Publicly Traded at the time TCI Bresnan wishes to exercise such option. Upon the giving of such notice, Charter LLC shall be obligated to buy or to cause its designee to buy, and the Holder shall be obligated to sell, the number of TCI Bresnan 's Put Units as to which the Annual Put Option has been exercised, at the price and upon the terms and conditions specified in Section 3. The Annual Put Option may only be exercised once during any Annual Put Period and, in any event, may not be exercised (including all exercises by TCI Bresnan and its Permitted Transferees) during more than two Annual Put Periods. After the Annual Put Option has been exercised during two different Annual Put Periods, the Annual Put Option and all rights thereunder shall terminate (except for rights associated with the proper exercise of such Put Option prior to such termination). Only Put Units originally issued to TCI Bresnan in connection with the closing under the Purchase Agreement shall be subject to the Annual Put Option. [NOTE: The Amount of Equity Consideration subject to the Annual Put shall not exceed $300 Million.]

3. Purchase Price; Closing.

3.1 The purchase price per Put Unit to be paid upon the exercise of any Put Option (the "Purchase Price") shall be equal to the value of such Put Unit based on such Put Unit's proportionate share of Fair Market Value.

3.2 The Purchase Price and the liabilities of Charter LLC and its non-corporate Subsidiaries attributable to any Put Unit purchased pursuant to this Put Agreement (together the "Purchase Consideration") shall be allocated among the portions of the assets of Charter LLC and its non-corporate Subsidiaries (to the extent applicable) attributable to the Put Unit in an allocation agreement (the "Allocation Agreement") to be prepared in accordance with the rules under Sections 743(b), 751, 755 and 1060 of the Internal Revenue Code. The parties agree that the Purchase Consideration shall be allocated among the assets of Charter LLC and its non-corporate subsidiaries by allocating an amount to the portion of the tangible assets of Charter LLC and its non-corporate subsidiaries attributable to the Put Unit equal to the portion of the book value for financial statement purposes of such tangible assets attributable to the Put Unit, allocating an amount to the portions of the stock of the corporate subsidiaries of Charter LLC attributable to the Put Unit equal to their fair value as reasonably determined by Charter LLC and allocating the remainder to the portion of the franchises of Charter LLC and its non-corporate subsidiaries attributable to the Put Unit. Charter LLC shall deliver a draft of the Allocation Agreement to the Holder within thirty (30) days after the Closing and Charter LLC and Holder shall mutually agree upon the Allocation Agreement. Neither Charter LLC nor Holder shall unreasonably withhold its approval and consent with respect to the Allocation Agreement. Unless otherwise required by applicable law, Charter LLC and Holder agree to act, and cause their respective affiliates to act, in accordance with the computations and allocations contained in the Allocation Agreement in any relevant tax returns or similar filings (including any forms or reports required to be filed pursuant to Section 1060 of the Code ("1060 Forms")), to cooperate in the preparation of any 1060 Forms, to file such 1060 Forms in the manner required by applicable law and to not take any position inconsistent with such Allocation Agreement upon examination of any tax refund or refund claim, in any litigation or otherwise.

3.3 At the closing of the purchase and sale of Put Units pursuant to the exercise of any Put Option hereunder (the "Closing"), (a) Charter LLC or its designee shall pay to the Holder the Purchase Price in immediately available funds by wire transfer or certified bank check; and (b) the Holder shall deliver to Charter LLC or its designee one or more certificates evidencing the Put Units to be purchased and sold at the Closing (if such Put Units are certificated securities), together with duly executed assignments separate from certificate in form and substance sufficient to effectuate the transfer of such Put 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 4.

3.4 The Closing with respect to the exercise of any Put Option shall be held at the offices of Irell & Manella LLP in Los Angeles, California, on a business day selected by Charter LLC (as to which prompt written notice is to be given to the Holder) no later than 120 days after the delivery of notice that the Put Option is being exercised, or at such other time and place as the Holder and Charter LLC may agree. The Holder and Charter LLC 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 or its representatives to be physically present at the Closing.

3.5 Fair Market Value.

(a) At the request of a Holder in connection with its exercise of any Put Option, Charter LLC and such Holder will attempt to agree on Fair Market Value. If they are unable to agree on Fair Market Value within 20 days of such request, then Charter LLC and the Holder will each select within two business days after the end of such 20 day period a qualified appraiser, and such selected appraisers will, within 30 days of their selection, render their respective determinations of Fair Market Value. Such determinations will be delivered concurrently, so that Charter LLC and the Holder 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 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 business days select a third qualified appraiser to determine Fair Market Value. The third appraiser will deliver to Charter LLC and the Holder its determination of Fair Market Value within 30 days of its selection.

(c) If the Higher Initial Appraisal is greater than 105% but not greater than 120% of the Lower Initial Appraisal, then Fair Market Value will be equal to the average of the two of the three 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 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) Charter LLC will pay the cost of the appraisals and will promptly make available to Charter LLC, the Holder, their respective representatives and the appraisers selected as provided above (subject to appropriate and customary confidentiality agreements) all information concerning Charter LLC and its finances and operations as may be reasonably requested for purposes of determining Fair Market Value.

4. Representations of the Holder. The Holder represents and warrants to Charter LLC and any of its 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 the Closing, the Holder will own all of the Put Units required to be purchased and sold 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 Put Units (other than restrictions set forth in the Charter LLC Operating Agreement, those arising under applicable law and those arising under the organizational documents of the issuer of the Put Units)); and (d) upon the transfer of the Put Units pursuant to Section 3, Charter LLC or its designee will receive good title to the Put Units, free and clear of all liens, encumbrances and adverse interests created by the Holder, other than those arising under applicable law or those arising under the organizational documents of the relevant issuer.

5. Representations of Charter LLC. Charter LLC represents and warrants to the Holders and each Permitted Transferee that on the date hereof and at all times hereafter through the Closing: (a) Charter LLC 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 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) the 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, 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 its assets (other than such violations, breaches, defaults, liens or security interests that would not materially and adversely affect its ability to perform its obligations under this Agreement).

6. Termination of Put Options.

6.1 This Agreement shall terminate upon _________ [the 90th day following the tenth anniversary of the closing under the Put Agreement]. Upon termination of this Agreement, all Put Options and all rights associated therewith (other than rights associated with the proper and timely exercise of such Put Options) shall immediately terminate.

6.2 This Agreement and the Put Options provided hereunder shall terminate as to any Put Units on the date on which such Put Units are first transferred by a Holder to a person or entity that is not a Permitted Transferee.

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. 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.

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 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 in the Notice provision of the Purchase Agreement.

If to Charter LLC:

Charter Communications, Inc.
12444 Powerscourt Drive
St. Louis, Missouri 63131
Attention: Jerald L. Kent, President
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

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 or entity that is not a party to this Agreement, other than any Permitted Transferees of the Holder.

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 alternation, 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 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).

7.8 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.

7.9 Assignments.

(a) The Holders may transfer some or all of their Put Units to any person or entity that is a Permitted Transferee, and the Holders may assign their rights under this Agreement with respect to the transferred Put Units, without the consent of Charter LLC, to such Permitted Transferee.

(b) Upon the transfer of Put Units to any Permitted Transferee and the assignment to such Permitted Transferee of a Holder's rights under this Agreement with respect to the transferred Put Units, Charter LLC and the Permitted Transferee will enter into a Put Agreement in the form hereof, and Charter LLC and the Permitted Transferee will thereupon have the rights and be subject to the obligations set forth in such Put Agreement. A Permitted Transferee may only transfer Put Units to a person or entity who would have been "Permitted Transferees" of the original Holder of such Put Units.

(c) Charter LLC is entitled, in its sole discretion, to assign its rights to purchase any Put Units under this Agreement to one or more entities controlled by Charter LLC and organized under the laws of the United States or any state thereof, but no such assignment will relieve Charter LLC of any of its obligations under this Agreement.

7.10 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.

7.11 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.

7.12 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.

7.13 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.

7.14 Costs. Except as otherwise provided in this Agreement, each party will bear its or its own costs in connection with the exercise of the Holders' right under this Agreement and the purchase and sale of any Put Units pursuant to this Agreement.

7.15 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 its 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]

[FIRST SIGNATURE PAGE TO TCI PUT AGREEMENT]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the date first set forth above.

CHARTER COMMUNICATIONS HOLDING COMPANY, LLC

By: Curtis S. Shaw, Senior Vice President

[SECOND SIGNATURE PAGE TO TCI PUT AGREEMENT]

TCID OF MICHIGAN, INC.

By:___________________________________

Name: ________________________________

Title: _______________________________

TCI BRESNAN LLC

By:___________________________________

Name: ________________________________

Title: _______________________________

logo and vignette Exhibit 4.1

Charter Communications, Inc.

C

THIS CERTIFICATE IS TRANSFERABLE IN
NEW YORK, N.Y. AND RIDGEFIELD PARK, N.J.

INCORPORATED UNDER THE LAWS
OF THE STATE OF DELAWARE

CUSIP 16117M 10 7

SEE REVERSE FOR CERTAIN DEFINITIONS

This Certifies that

is the owner of

FULLY PAID AND NON-ASSESSABLE SHARES, $.001 PAR VALUE, OF THE CLASS A COMMON STOCK OF

Charter Communications, Inc.

transferable on the books of the Corporation by the holder hereof in person or by duly authorized attorney upon surrender of this certificate properly endorsed.

This certificate is not valid unless countersigned and registered by the Transfer Agent and Registrar.

Witness the facsimile seal of the Corporation and the facsimile signatures of its duly authorized officers.

Dated:

COUNTERSIGNED AND REGISTERED:
CHASEMELLON SHAREHOLDER SERVICES, L.L.C.
TRANSFER AGENT AND REGISTRAR
BY

AUTHORIZED SIGNATURE

signature

President and Chief Executive Officer

Signature

Secretary

The following abbreviations, when used in the inscription on the face of this certificate, shall be construed as though they were written out in full according to applicable laws or regulations:

TEN COM - as tenants in common
TEN ENT - as tenants by the entireties
JT TEN - as joint tenants with right of survivorship and not as tenants in common
TOD - transfer on death direction in event of owner's death, to person named on face

UNIF GIFT MIN ACT- as Custodian for
(Cust) (Minor)
under Uniform Gifts to Minors Act

(State)

UNIF TRAN MIN ACT- as Custodian for
(Cust) (Minor)
under Uniform Transfers to Minors Act

(State)

Additional abbreviations may also be used though not in the above list.

For Value Received, hereby sell, assign and transfer unto

PLEASE INSERT SOCIAL SECURITY OR OTHER
IDENTIFYING NUMBER OF ASSIGNEE

(PLEASE PRINT OR TYPEWRITE NAME AND ADDRESS OF ASSIGNEE)

Shares

represented by the within Certificate, and do hereby irrevocably constitute and appoint

Attorney

to transfer the said shares on the books of the within-named Corporation with full power of substitution in the premises.

Dated

NOTICE: THE SIGNATURE(S) TO THIS ASSIGNMENT MUST CORRESPOND WITH THE NAME(S) AS WRITTEN UPON THE FACE OF THE CERTIFICATE IN EVERY PARTICULAR, WITHOUT ALTERATION OR ENLARGEMENT OR ANY CHANGE WHATEVER.

Signature(s) Guaranteed:

NOTICE: THE SIGNATURE(S) MUST BE GUARANTEED BY AN ELIGIBLE GUARANTOR INSTITUTION (BANKS, STOCKBROKERS, SAVINGS AND LOAN ASSOCIATIONS AND CREDIT UNIONS WITH MEMBERSHIP IN AN APPROVED SIGNATURE GUARANTEE MEDALLION PROGRAM), PURSUANT TO S.E.C. RULE 17Ad-15.

EXHIBIT 5.1

PAUL, HASTINGS, JANOFSKY & WALKER LLP
399 Park Avenue
New York, New York 10022

October , 1999

Charter Communications, Inc.
12444 Powerscourt Drive
St. Louis, Missouri 63131

Re: Charter Communications, Inc.
Registration Statement on Form S-1

Ladies and Gentlemen:

This opinion is delivered in our capacity as counsel to Charter Communications, Inc., a Delaware company ("the Company"), in connection with the Company's registration statement on Form S-1 (the "Registration Statement") filed with the Securities and Exchange Commission (the "Commission") under the Securities Act of 1933, as amended (the "Securities Act"), relating to the registration by the Company of up to 172,500,000 shares of common stock, par value $.001 per share (the "Shares").

In connection with this opinion, we have examined copies or originals of such documents, resolutions, certificates and instruments of the Company as we have deemed necessary to form a basis for the opinion hereinafter expressed. In addition, we have reviewed such other instruments and documents as we have deemed necessary to form a basis for the opinion hereinafter expressed. In our examination of the foregoing, we have assumed, without independent investigation, (i) the genuineness of all signatures, and the authority of all persons or entities signing all documents examined by us and (ii) the authenticity of all documents submitted to us as originals and the conformity to authentic original documents of all copies submitted to us as certified, conformed or photostatic copies. With regard to certain factual matters, we have relied, without independent investigation or verification, upon statements and representations of representatives of the Company.

Based upon and subject to the foregoing, we are of the opinion, as of the date hereof, that the Shares, when issued and delivered in the manner set forth in the Registration Statement, will be validly issued, fully paid and nonassessable.

We hereby consent to being named as counsel to the Company in the Registration Statement, to the references therein to our firm under the caption "Legal Matters" and to the inclusion of this opinion as an exhibit to the Registration Statement. In giving this consent, we do not thereby admit that we are within the category of persons whose consent is required under Section 7 of the Securities Act or the rules and regulations of the Commission thereunder.

Very truly yours,

Paul, Hastings, Janofsky & Walker LLP

Exhibit 10.2(b)

SECOND AMENDED MANAGEMENT AGREEMENT

THIS SECOND AMENDED MANAGEMENT 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, provided, that in no event shall the aggregate Management Expenses paid during any fiscal quarter exceed three percent (3.0%) of the Gross Revenue (as determined in accordance with generally accepted accounting principles) of the Company for that quarter. "Gross Revenue" will include all revenues from the operation of the Cable Systems including, without limitation, subscriber payments, advertising revenues and

revenues from other services provided by the Cable Systems, but not including interest income or income from investments unrelated to the Cable Systems. 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 with respect to Gross Revenue 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.

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. Subject to Section 5 of this Agreement, all expenses and costs incurred with respect to the services provided hereunder, including without limitation, wages, salaries and other labor costs, will be paid by CCI. Such costs and expenses shall be reimbursed by CCI to CII monthly in arrears.

6. Indemnity. Each party shall indemnify and hold harmless the other party and its directors, officers and employees from and against any and all claims that may be made against any of them in connection with this Agreement except due to its or their gross negligence or willful misconduct.

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.

3. 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, provided, that in no event shall the total Management Expenses paid during any fiscal quarter exceed three percent (3.0%) of the Gross Revenue (as determined in accordance with generally accepted accounting principles) of the Company for that quarter. "Gross Revenue" will include all revenues from the operation of the Cable Systems including, without limitation, subscriber payments, advertising revenues and revenues from other services provided by the Cable Systems, but not including interest income or income from investments unrelated to the Cable Systems. 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 with respect to Gross Revenue 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(d)

PAUL G. ALLEN
110 110th Avenue, N.E., Suite 550
Bellevue, Washington 98004

September 1, 1999

Charter Communications, Inc.
12444 Powerscourt Drive, Suite 400
St. Louis, Missouri 63131

Re: Investment in Charter Holdco Concurrently with IPO

Gentlemen:

This will confirm that I will invest an additional $750,000,000 in Charter Communications Holding Company, LLC, concurrently with the initial public offering of Charter Communications, Inc. as described in CCI's Registration Statement on Form S-1 filed with the Securities & Exchange Commission on July 28, 1999. This commitment will expire if the aforementioned initial public offering is not consummated by December 31, 1999.

/s/ Paul G. Allen

Paul G. Allen

STATE OF DELAWARE
SECRETARY OF STATE
DIVISION OF CORPORATIONS
FILED 09.00 AM 05/25/1999
991208573 - 3047453

Exhibit 10.12(a)

CERTIFICATE OF FORMATION

OF

CHARTER COMMUNICATIONS HOLDING COMPANY, LLC

1. The name of the limited liability company is Charter Communications Holding Company, LLC.

2. The address of its registered office in the State of Delaware is 30 Old Rudnick Lane, in the City of Dover, County of Kent. The name of its registered agent at such address is CorpAmerica, Inc.

IN WITNESS WHEREOF, the undersigned has executed this Certificate of Formation of Charter Communications Holding Company, LLC this 25th day of May, 1999.

Colleen M. Hegarty

Colleen M. Hegarty, Authorized Person

Exhibit 10.15 (C)

ASSIGNMENT AND ASSUMPTION AGREEMENT

THIS ASSIGNMENT AND ASSUMPTION AGREEMENT (this "Agreement") is made as of the ____day of ___________, 1999 by and between Charter Investment, Inc., a Delaware corporation (formerly known as Charter Communications, Inc.) ("Assignor") and Charter Communications, Inc., a Delaware Corporation ("Assignee").

RECITALS

A. Paul G. Allen ("Allen") and Jerald L. Kent entered into an Employment Agreement dated as of August 28, 1998 (the "Employment Agreement").

B. On December 23, 1998, Allen assigned all of his rights under the Employment Agreement to Assignor, and Assignor assumed all of Allen's rights and obligations under the Employment Agreement.

C. Assignee wishes to acquire all of Jerald Kent's services under the Employment Agreement and to assume all of Assignor's obligations and liabilities under the Employment 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. Assignment and Assumption of Employment Agreement.

   (a) Upon the Effective Date (as defined below), Assignor hereby fully and completely assigns to Assignee all of Assignor's rights and its obligations under the Employment Agreement.

   (b) Upon the Effective Date, Assignee hereby fully and completely assumes all of Assignor's rights and agrees to perform when due, all obligations of Assignor under, the Employment Agreement.

2. Effective Date. This Agreement shall become effective only upon the closing (the "Effective Date") of the initial public offering of the Assignee 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 Assignor nor the Assignee shall have any rights, obligations or liabilities under or arising out of this Agreement.

3. Amendments. This Agreement cannot be amended, waived, or terminated except by a writing signed by all parties.

4. Governing Law. This Agreement shall be governed and construed in accordance with the laws of the State of New York, without giving effect to the principles of conflicts of laws thereof.

5. 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 Assignment and Assumption 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:

CONSENT TO ASSIGNMENT AND
ASSUMPTION OF EMPLOYMENT AGREEMENT

The undersigned hereby consents to the foregoing Assignment and Assumption Agreement effective as of the Effective Date and acknowledges the terms thereof.

By:_______________________________
Jerald L. Kent

Exhibit 10.16 (b)

ASSIGNMENT AND ASSUMPTION AGREEMENT

THIS ASSIGNMENT AND ASSUMPTION AGREEMENT (this "Agreement") is made as of the ____day of ___________, 1999 by and between Charter Investment, Inc., a Delaware corporation (formerly known as Charter Communications, Inc.) ("Assignor") and Charter Communications, Inc., a Delaware Corporation ("Assignee").

RECITALS

A. Paul G. Allen ("Allen") and Barry L. Babcock entered into an Employment Agreement dated as of December 23, 1998 (the "Employment Agreement").

B. On December 23, 1998, Allen assigned all of his rights under the Employment Agreement to Assignor, and Assignor assumed all of Allen's rights and obligations under the Employment Agreement.

C. Assignee wishes to acquire all of Barry L. Babcock's services under the Employment Agreement and to assume all of Assignor's obligations and liabilities under the Employment 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. Assignment and Assumption of Employment Agreement.

   (a) Upon the Effective Date (as defined below), Assignor hereby fully and completely assigns to Assignee all of Assignor's rights and its obligations under the Employment Agreement.

   (b) Upon the Effective Date, Assignee hereby fully and completely assumes all of Assignor's rights and agrees to perform when due, all obligations of Assignor under, the Employment Agreement.

2. Effective Date. This Agreement shall become effective only upon the closing (the "Effective Date") of the initial public offering of the Assignee 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 Assignor nor the Assignee shall have any rights, obligations or liabilities under or arising out of this Agreement.

3. Amendments. This Agreement cannot be amended, waived, or terminated except by a writing signed by all parties.

4. Governing Law. This Agreement shall be governed and construed in accordance with the laws of the State of New York, without giving effect to the principles of conflicts of laws thereof.

5. 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 Assignment and Assumption 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:

CONSENT TO ASSIGNMENT AND
ASSUMPTION OF EMPLOYMENT AGREEMENT

The undersigned hereby consents to the foregoing Assignment and Assumption Agreement effective as of the Effective Date and acknowledges the terms thereof.

By:________________________________
Barry L. Babcock

Exhibit 10.17(b)

ASSIGNMENT AND ASSUMPTION AGREEMENT

THIS ASSIGNMENT AND ASSUMPTION AGREEMENT (this "Agreement") is made as of the ____day of ___________, 1999 by and between Charter Investment, Inc., a Delaware corporation (formerly known as Charter Communications, Inc.) ("Assignor") and Charter Communications, Inc., a Delaware Corporation ("Assignee").

RECITALS

A. Paul G. Allen ("Allen") and Howard L. Wood entered into an Employment Agreement dated as of December 23, 1998 (the "Employment Agreement").

B. On December 23, 1998, Allen assigned all of his rights under the Employment Agreement to Assignor, and Assignor assumed all of Allen's rights and obligations under the Employment Agreement.

C. Assignee wishes to acquire all of Howard L. Wood's services under the Employment Agreement and to assume all of Assignor's obligations and liabilities under the Employment 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. Assignment and Assumption of Employment Agreement.

   (a) Upon the Effective Date (as defined below), Assignor hereby fully and completely assigns to Assignee all of Assignor's rights and its obligations under the Employment Agreement.

   (b) Upon the Effective Date, Assignee hereby fully and completely assumes all of Assignor's rights and agrees to perform when due, all obligations of Assignor under, the Employment Agreement.

2. Effective Date. This Agreement shall become effective only upon the closing (the "Effective Date") of the initial public offering of the Assignee 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 Assignor nor the Assignee shall have any rights, obligations or liabilities under or arising out of this Agreement.

3. Amendments. This Agreement cannot be amended, waived, or terminated except by a writing signed by all parties.

4. Governing Law. This Agreement shall be governed and construed in accordance with the laws of the State of New York, without giving effect to the principles of conflicts of laws thereof.

5. 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 Assignment and Assumption 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:

CONSENT TO ASSIGNMENT AND
ASSUMPTION OF EMPLOYMENT AGREEMENT

The undersigned hereby consents to the foregoing Assignment and Assumption Agreement effective as of the Effective Date and acknowledges the terms thereof.

By:___________________________________
Howard L. Wood

EXHIBIT 10.36(b)

ASSUMPTION AGREEMENT

THIS ASSUMPTION AGREEMENT, made as of the 25th day of May, 1999, by and among Charter Communications Holdings, LLC, a Delaware limited liability company ("CC Holdings") and Charter Communications Holding Company, LLC, a Delaware limited liability company ("Charter Holdco").

RECITALS

WHEREAS, CC Holdings has adopted the Charter Communications Holdings, LLC 1999 Option Plan ("the Plan"), a plan granting options of membership interests representing an aggregate of 10% of the equity value of CC Holdings; and

WHEREAS, Charter Holdco desires to assume all of CC Holdings' obligations under the Plan; and

WHEREAS, the Manager and Member of Charter Holdco has determined that the assumption of the Plan is in the best interests of Charter Holdco.

NOW, THEREFORE, in consideration of good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

1. Charter Holdco hereby fully and completely assumes and agrees to pay, perform and discharge when due, all the obligations of CC Holdings under the Plan, and CC Holdings is fully and completely released by Charter Holdco with respect to CC Holdings' obligations under the Plan.

2. All references in the Plan to CC Holdings shall become references to Charter Holdco, and options which have been issued or will be issued under the Plan shall be options for membership interests in Charter Holdco.

3. This Assumption Agreement shall be governed by and construed in accordance with the laws of the State of New York, without regard to conflicts of law principles.

4. This Assumption Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and assigns.

5. This Assumption Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, but all of such separate counterparts shall together constitute one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have caused this Assignment and Assumption Agreement to be executed by their duly authorized officers as of the date first above written.

CHARTER COMMUNICATIONS HOLDINGS, LLC

By:

Name:
Title:

CHARTER COMMUNICATIONS HOLDING COMPANY, LLC

By:

Name:
Title:

IN WITNESS WHEREOF, the parties hereto have caused this Assignment and Assumption Agreement to be executed by their duly authorized officers as of the date first above written.

CHARTER COMMUNICATIONS HOLDINGS, LLC

By: /s/ Marcy Lifton

Name:
Title:

CHARTER COMMUNICATIONS HOLDING COMPANY, LLC

By: /s/ Marcy Lifton

Name:
Title:

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

September 20, 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. 2).

/s/ KPMG LLP

Dallas, Texas

September 20, 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. 2 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

September 20, 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. 2 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

September 20, 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. 2) 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

September 20, 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

September 20, 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

September 20, 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. 2 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

September 20, 1999

Exhibit 23.10

CONSENT OF INDEPENDENT ACCOUNTANTS

We hereby consent to the use in this Registration Statement on Amendment No. 2 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

September 20, 1999

Exhibit 23.11

CONSENT OF INDEPENDENT ACCOUNTANTS

We hereby consent to the use in this Registration Statement on Amendment No. 2 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

September 20, 1999

Exhibit 23.12

CONSENT OF INDEPENDENT ACCOUNTANTS

We hereby consent to the use in this Registration Statement on Amendment No. 2 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

September 20, 1999

Exhibit 23.13

CONSENT OF INDEPENDENT ACCOUNTANTS

We hereby consent to the use in this Registration Statement on Amendment No. 2 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

September 20, 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. 2 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

September 20, 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. 2) 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

September 20, 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. 2) 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

September 20, 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. 2 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

September 20, 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. 2 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

September 20, 1999