AS FILED WITH THE SECURITIES AND EXCHANGE COMMISSION ON SEPTEMBER 22, 2000

REGISTRATION NO. 333-41486

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

AMENDMENT NO. 1 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, SUITE 100
ST. LOUIS, MISSOURI 63131
(314) 965-0555
(ADDRESS, INCLUDING ZIP CODE, AND TELEPHONE NUMBER, INCLUDING AREA CODE, OF REGISTRANT'S PRINCIPAL EXECUTIVE OFFICES)

CURTIS S. SHAW, ESQ.
SENIOR VICE PRESIDENT, GENERAL COUNSEL AND SECRETARY
12444 POWERSCOURT DRIVE, SUITE 100
ST. LOUIS, MISSOURI 63131
(314) 965-0555
(NAME, ADDRESS, INCLUDING ZIP CODE, AND TELEPHONE NUMBER, INCLUDING AREA CODE, OF AGENT FOR SERVICE)

COPIES TO:

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

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

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(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, check the following box. [ ]

CALCULATION OF REGISTRATION FEE

TITLE OF EACH CLASS OF SECURITIES TO BE REGISTERED	AMOUNT TO BE REGISTERED	PROPOSED MAXIMUM OFFERING PRICE PER SHARES(1)	PROPOSED MAXIMUM AGGREGATE OFFERING PRICE	AMOUNT OF REGISTRATION FEE
Class A Common Stock of $.001 per share, par value....................	5,661,117	$14.50	$82,086,196.50	$21,670.76

(1) Estimated solely for the purpose of calculating the amount of the registration fee based on the average high and low trading prices for the common stock as reported on the Nasdaq National Market on July 11, 2000 pursuant to Rule 457(c).

(2) $1.15 paid herewith and $21,669.61 was previously paid in connection with the initial filing of this registration statement.

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, AS AMENDED, 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.

5,661,117 SHARES

CHARTER COMMUNICATIONS, INC.
CLASS A COMMON STOCK

All of the shares of common stock covered by this prospectus are owned by the shareholders listed in the section of this prospectus called "Selling Shareholders." The selling shareholders may sell any or all of their shares from time to time. See "Plan of Distribution."

We will not receive any of the proceeds of sales by the selling shareholders. We have agreed to bear all expenses related to this offering other than stock transfer fees or expenses (including the cost of all transfer tax stamps), underwriting or brokerage discounts or commissions and fees and disbursements of counsel (other than the fees and disbursements of counsel incurred in connection with the registration of the shares) attributable to the sale of the shares.

Charter Communications, Inc. agrees to indemnify each selling shareholder for any losses which arise out of or are based upon any untrue statement or alleged untrue statement of a material fact contained in this registration statement, or any omission or alleged omission to state herein a material fact required to be stated herein or necessary to make the statements herein not misleading. Charter Communications, Inc. will reimburse each such selling shareholder for any reasonable legal fees and expenses incurred by him in connection with investigating or defending any such claims, except that Charter Communications, Inc. will not indemnify any selling shareholder for losses which result from an untrue statement or omission made in reliance upon and in conformity with written information provided by or on behalf of such selling shareholder for inclusion in this registration statement.

Each selling shareholder, individually and not jointly, agrees to indemnify Charter Communications, Inc. and each other selling shareholder for any losses which arise out of or are based upon any untrue statement or alleged untrue statement of a material fact contained in this registration statement, or any omission or alleged omission to state herein a material fact required to be stated herein or necessary to make the statements herein 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 shareholder for inclusion in this registration statement.

Our common stock is quoted on the Nasdaq National Market under the symbol "CHTR."

SEE "RISK FACTORS" BEGINNING ON PAGE 9 TO READ ABOUT FACTORS YOU SHOULD CONSIDER BEFORE BUYING SHARES OF THE CLASS A COMMON STOCK.

THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION NOR HAS THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

The date of this prospectus is September   , 2000.

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PROSPECTUS SUMMARY

The following summary contains a general discussion of our business and financial information. Unless stated otherwise, the discussion of our business in this prospectus includes Charter Communications, Inc. and its direct and indirect subsidiaries.

OUR BUSINESS

We are the fourth largest operator of cable systems in the United States, serving approximately 6.3 million customers.

We offer a full range of traditional cable television services in all of our systems and we are offering digital cable television services to customers in an increasing number of our systems. Digital technology enables cable operators to increase the number of channels a cable system can carry by permitting a significantly increased number of video signals to be transmitted over a cable system's existing bandwidth. Bandwidth is a measure of the information-carrying capacity. 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 36 acquisitions, including sixteen acquisitions closed since January 1, 1999 and a merger with Marcus Cable Holdings, LLC in April 1999. In addition, we have expanded our customer base through significant internal growth. For the six months ended June 30, 2000, our internal customer growth, without giving effect to the cable systems we acquired in 2000, was 0.7%, compared to the national industry average of 0.4%. In 1999, our internal customer growth, without giving effect to the cable systems we acquired in 1999, was 3.1%, compared to the national industry average of 1.8%. 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%.

Our principal executive offices are located at 12444 Powerscourt Drive, Suite 100, St. Louis, Missouri 63131. Our telephone number is (314) 965-0555 and our web site is located at www.chartercom.com. The information on our web site is not part of this prospectus.

BUSINESS STRATEGY

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

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

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

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

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

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

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

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

CHARTER ORGANIZATIONAL STRUCTURE

The chart below sets forth our organizational structure and that of our direct and indirect subsidiaries and assumes that there has been no exercise of any of the outstanding options to purchase membership units of Charter Communications Holding Company, which units are to be exchanged upon issuance for shares of Class A common stock on a one-for-one basis. See "Management -- Option Plan."

Our cable systems are owned by certain of our subsidiaries.

[CHARTER COMMUNICATIONS FLOW CHART]

* These shares are restricted from public sale until registered. See "Shares Eligible for Future Sale."

** Includes 472,646 shares of Class A common stock recently issued in connection with the purchase of certain shares of Interactive Broadcaster Services Corporation doing business as Chat TV. See "Shares Eligible for Future Sale."

*** These membership units are exchangeable at any time for shares of Class B common stock which are in turn exchangeable for Charter Communications, Inc. Class A common stock.

**** These equity interests are exchangeable at any time for shares of our Class A common stock on a one-for-one basis. See "Business -- Charter Organizational Structure -- Bresnan Sellers."

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

RECENT EVENTS

ACQUISITIONS

In 1999, we completed eleven acquisitions of cable systems for an aggregate purchase price of $10.9 billion. In addition, we have closed five acquisitions in 2000. A summary of information regarding acquisitions closed in 2000 is as follows:

	ACQUISITION DATE	PURCHASE PRICE (INCLUDING ASSUMED DEBT) (IN MILLIONS)	AS OF AND FOR THE SIX MONTHS ENDED JUNE 30, 2000	
			CUSTOMERS	REVENUES (IN THOUSANDS)
Cable system of Interlake Cablevision Enterprises, LLC	2/00	$ 13	5,800	$ 896
Bresnan Communications Company Limited Partnership	2/00	3,100	686,100	156,116(a)
Cable systems of Falcon/Capital Cable Partners, L.P.	4/00	60	23,900	5,092
Cable systems of Farmington Cablevision Company	4/00	15	5,600	1,014
Cablevision of Michigan, Inc.	9/00	173	48,900	10,231
Total		$3,361	770,300	$173,349

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(a) Includes revenues of approximately $0.6 million related to the cable systems acquired by Bresnan since December 31, 1999.

For additional information regarding acquisitions in 2000, see "Business -- Acquisitions."

JANUARY 2000 CHARTER HOLDINGS NOTES

On January 12, 2000, Charter Holdings and Charter Communications Holdings Capital Corporation issued $1.5 billion principal amount of senior notes consisting of:

- $675.0 million in aggregate principal amount of 10.00% senior notes due 2009;

- $325.0 million in aggregate principal amount of 10.25% senior notes due 2010; and

- $532.0 million in aggregate principal amount at maturity of 11.75% senior discount notes due 2010.

The net proceeds of approximately $1.3 billion were used to consummate change of control offers for certain of the Falcon, Avalon and Bresnan notes and debentures.

CHARTER HOLDINGS SENIOR BRIDGE LOAN FACILITY

On August 14, 2000, Charter Holdings and Charter Communications Holdings Capital Corporation borrowed $1.0 billion under a senior bridge loan facility providing for increasing rate senior bridge loans. Charter Holdings used the majority of the proceeds to repay a portion of the amounts outstanding under the Charter Operating revolving credit facility.

UNAUDITED SUMMARY PRO FORMA 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."

	AS OF AND FOR THE SIX MONTHS ENDED JUNE 30, 2000			
	CHARTER COMMUNICATIONS, INC.	2000 ACQUISITIONS	BRIDGE LOAN	TOTAL
	(DOLLARS IN THOUSANDS, EXCEPT SUBSCRIBER DATA)			
STATEMENT OF OPERATIONS:				
Revenues	$ 1,516,384	$ 47,721	$ --	$ 1,564,105
Operating expenses:				
Operating, general and administrative	778,313	31,323	--	809,636
Depreciation and amortization	1,149,787	35,699	--	1,185,486
Option compensation expense	26,089	--	--	26,089
Corporate expense charges(a)	27,515	449	--	27,964
Management fees	--	181	--	181
Total operating expenses	1,981,704	67,652	--	2,049,356
Loss from operations	(465,320)	(19,931)	--	(485,251)
Interest expense	(482,042)	(24,381)	(32,555)	(538,978)
Interest income	6,110	46	--	6,156
Other expense	(2,504)	(92)	--	(2,596)
Loss before minority interest in loss of subsidiary and extraordinary item	(943,756)	(44,358)	(32,555)	(1,020,669)
Minority interest in loss of subsidiary(b)	566,221	16,671	19,289	602,181
Loss before extraordinary item	$ (377,535)	$ (27,687)	$(13,266)	$ (418,488)
Loss per common share, basic and diluted(c)				$ (1.79)
Weighted average common shares outstanding, basic and diluted(d)				233,263,122
OTHER FINANCIAL DATA:				
EBITDA(e)	$ 681,963	$ 15,676		$ 697,639
EBITDA margin(f)	45.0%	32.8%		44.6%
Adjusted EBITDA(g)	$ 738,071	$ 16,398		$ 754,469
Cash flows from operating activities	606,832	90,020		696,852
Cash flows used in investing activities	(1,051,136)	(38,924)		(1,090,060)
Cash flows from financing activities	(2,701,287)	(79,321)		(2,780,608)
Cash interest expense				444,304
Capital expenditures	1,049,991	102,805		1,152,796
Total debt to estimated annual EBITDA(h)				8.3x
Total debt to estimated annual adjusted EBITDA(i)				7.7
EBITDA to cash interest expense				1.6
EBITDA to interest expense				1.3
BALANCE SHEET DATA (AT END OF PERIOD):				
Total assets	$22,025,157	$ 170,846	$ 37,463	$ 22,233,466
Total debt	11,605,328	--	43,000	11,648,328
Minority interest(j)	4,689,263	(2,076)	--	4,687,187
Redeemable securities(k)	1,846,176	--	--	1,846,176
Shareholders' equity	2,703,188	169,226	--	2,872,414
OPERATING DATA (AT END OF PERIOD, EXCEPT FOR AVERAGE):				
Homes passed(l)	8,911,200	1,155,600		10,066,800
Basic customers(m)	5,492,700	770,300		6,263,000
Basic penetration(n)	61.6%	66.7%		62.2%
Premium units(o)	2,952,700	373,800		3,326,500
Premium penetration(p)	53.8%	48.5%		53.1%
Average monthly revenue per basic customer(q)				$ 41.62

	AS OF AND FOR THE YEAR ENDED DECEMBER 31, 1999			
	CHARTER COMMUNICATIONS, INC.	ACQUISITIONS	BRIDGE LOAN	TOTAL
	(DOLLARS IN THOUSANDS, EXCEPT SUBSCRIBER DATA)			
STATEMENT OF OPERATIONS:				
Revenues	$ 1,553,424	$1,397,611	$ --	$ 2,951,035
Operating expenses:				
Operating, general and administrative	806,941	703,712	--	1,510,653
Depreciation and amortization	808,981	887,586	--	1,696,567
Option compensation expense	79,979	--	--	79,979
Corporate expense charges(a)	51,428	59,202	--	110,630
Management fees	--	16,224	--	16,224
Total operating expenses	1,747,329	1,666,724	--	3,414,053
Loss from operations	(193,905)	(269,113)	--	(463,018)
Interest expense	(536,218)	(487,724)	(65,111)	(1,089,053)
Interest income	4,329	1,335	--	5,664
Other income (expense)	285	(646)	--	(361)
Loss before income taxes, minority interest in loss of subsidiary and extraordinary item	(725,509)	(756,148)	(65,111)	(1,546,768)
Income tax expense	(1,030)	(2,717)	--	(3,747)
Minority interest in loss of subsidiary(b)	430,474	444,498	38,578	913,550
Loss before extraordinary item	$ (296,065)	$ (314,367)	$ (26,533)	$ (636,965)
Loss per common share, basic and diluted(c)				$ (2.73)
Weighted average common shares outstanding, basic and diluted(d)				233,263,122
OTHER FINANCIAL DATA:				
EBITDA(e)	$ 615,361	$ 617,827		$ 1,233,188
EBITDA margin(f)	39.6%	44.2%		41.8%
Adjusted EBITDA(g)	$ 746,483	$ 693,899		$ 1,440,382
Cash flows from operating activities	479,916	485,751		965,667
Cash flows used in investing activities	(768,263)	(641,724)		(1,409,987)
Cash flows from financing activities	412,480	243,024		655,504
Cash interest expense				882,702
Capital expenditures	741,508	545,322		1,286,830
Total debt to EBITDA				9.1x
Total debt to adjusted EBITDA				7.8
EBITDA to cash interest expense				1.4
EBITDA to interest expense				1.1
BALANCE SHEET DATA (AT END OF PERIOD):				
Total assets	$19,016,789	$3,304,446	$ 37,463	$ 22,358,698
Total debt	9,002,877	2,128,009	43,000	11,173,886
Minority interest(j)	5,381,331	(151,622)	--	5,229,709
Redeemable securities(k)	750,937	1,095,239	--	1,846,176
Shareholders' equity	3,011,079	237,643	--	3,248,722
OPERATING DATA (AT END OF PERIOD, EXCEPT FOR AVERAGE):				
Homes passed(l)	8,706,400	1,146,400		9,852,800
Basic customers(m)	5,452,500	768,100		6,220,600
Basic penetration(n)	62.6%	67.0%		63.1%
Premium units(o)	2,800,800	343,700		3,144,500
Premium penetration(p)	51.4%	44.7%		50.5%
Average monthly revenue per basic customer(q)				$ 39.53

(a) From November 12, 1999, the date of the initial public offering of Charter Communications, Inc., Charter Investment, Inc. provided management services to subsidiaries of Charter Operating. Since the initial public offering, Charter Communications, Inc. has provided such management services. See "Certain Relationships and Related Transactions."

(b) Represents the allocation of losses to the minority interest in loss of subsidiary based on ownership of Charter Communications Holding Company and the 2% accretion of the preferred membership units of an indirect subsidiary of Charter Holdings issued to certain Bresnan sellers. These membership units are exchangeable on a one-for-one basis for shares of Class A common stock of Charter Communications, Inc.

(c) Basic and diluted loss per common share assumes none of the membership units of Charter Communications Holding Company or preferred membership units in an indirect subsidiary of Charter Holdings held by certain Bresnan sellers as of June 30, 2000, are exchanged for Charter Communications, Inc. Class A 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. Class A common stock are exercised. Basic and diluted loss per common share equals net loss divided by weighted average common shares outstanding. If the membership units were exchanged or options exercised, the effects would be antidilutive.

	FOR THE SIX MONTHS ENDED JUNE 30, 2000	FOR THE YEAR ENDED DECEMBER 31, 1999
Converted loss per Class A common share....................	$ (1.71)	$ (2.60)
Weighted average Class A common shares outstanding -- converted..	596,575,345	596,575,345

Converted loss per common share assumes all common membership units of Charter Communications Holding Company and preferred membership units in an indirect subsidiary of Charter Holdings held by certain Bresnan sellers as of June 30, 2000, are exchanged for Charter Communications, Inc. Class A common stock. If all these shares are converted, minority interest would equal zero. Converted loss per common share is calculated by dividing loss before minority interest by the weighted average common shares outstanding

-- converted. Weighted average common shares outstanding -- converted assumes the total common membership units in Charter Communications Holding Company totaling 339,096,474 and 24,215,749 preferred membership units in an indirect subsidiary of Charter Holdings held by certain Bresnan sellers are exchanged for Charter Communications, Inc. Class A common stock.

(d) Represents all shares outstanding as of January 1, 2000 (195,550,000 shares) plus additional shares issued under the respective acquisition agreements to the Rifkin and Falcon sellers through June 30, 2000 (26,539,746 shares) and shares issued to sellers in the Kalamazoo transaction (11,173,376 shares).

(e) EBITDA represents earnings (loss) before extraordinary item, interest, income taxes, depreciation and amortization, and minority interest. EBITDA is presented because it is a widely accepted financial indicator of a cable 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.

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

(g) Adjusted EBITDA means EBITDA before option compensation expense, corporate expense charges, management fees and other expenses. 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.

(h) Estimated annual EBITDA represents EBITDA for the six months ended June 30, 2000 multiplied by 2.

(i) Estimated annual adjusted EBITDA represents adjusted EBITDA for the six months ended June 30, 2000 multiplied by 2.

(j) Minority interest consists primarily of (1) total members' equity of Charter Communications Holding Company multiplied by 59.2% on a pro forma basis at June 30, 2000, the ownership percentage of Charter Communications Holding Company not owned by us and (2) preferred equity in a subsidiary of Charter Holdings held by certain Bresnan sellers less a portion of redeemable securities. Gains (losses) arising from the issuance by Charter Communications Holding Company of its membership units are recorded as capital transactions, thereby increasing/(decreasing) shareholders' equity and (decreasing)/increasing minority interest.

(k) The Rifkin, Falcon, Helicon and Bresnan sellers who own equity interests in Charter Communications, Inc. and certain subsidiaries may have rescission rights arising out of possible violations of Section 5 of the Securities Act of 1933, as amended, in connection with the offers and sales of those equity interests. Accordingly, the maximum cash obligation related to the possible rescission rights, estimated at $1.8 billion, has been excluded from shareholders' equity and minority interest, and classified as redeemable securities. One year after the date of issuance of these equity interests (when these possible rescission rights will have expired), we will reclassify the respective amounts to shareholders' equity and minority interest. See "Certain Trends and Uncertainties -- Possible Rescission Liability."

(l) 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.

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

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

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

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

(q) 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 the end of the period.

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 contained in this prospectus.

OUR STRUCTURE

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

Mr. Allen controls approximately 93.5% of the voting power of Charter Communications, Inc.'s capital stock. Accordingly, Mr. Allen controls Charter Communications, Inc. Class A common shareholders have very limited voting interest in Charter Communications, Inc. and a limited indirect equity interest in Charter Communications Holding Company, although Class A common shareholders have an equity interest in Charter Communications, Inc. of more than 96.5%, excluding Mr. Allen's Class A equity interest. The purposes of our structure are, among other things, to enable Mr. Allen to take advantage for tax purposes of the losses expected to be generated by Charter Communications Holding Company and to enable him to maintain control of our business.

Mr. Allen has the ability to control fundamental corporate transactions requiring equity holder approval, including, but not limited to, the election of all of our directors, approval of merger transactions involving us and the sale of all or substantially all of our assets. Mr. Allen's control may continue in the future through the high vote Class B common stock even if Mr. Allen owns a minority economic interest in our business.

As the owner of all of our Class B common stock, Mr. Allen is entitled to elect all but one member of Charter Communications, Inc.'s board of directors. As an owner of 3.5% of our Class A common stock and owner of all of our Class B common stock, Mr. Allen presently has voting control in the election by holders of Class A common stock of the remaining member of our board of directors. In addition, because of the exclusive voting rights granted to holders of Class B common stock for specific matters, he has the sole power to amend a number of important provisions of Charter Communications, Inc.'s certificate of incorporation, including provisions restricting the scope of our business activities. See "Description of Capital Stock and Membership Units."

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

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

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

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

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

Charter Communications, Inc.'s certificate of incorporation and Charter Communications Holding Company's limited liability company agreement provide that Charter Communications, Inc. and Charter Communications Holding Company and their subsidiaries cannot engage in any business activity outside the cable transmission business except for the joint venture through Digeo Broadband, Inc., incidental businesses engaged in as of the closing of Charter Communications, Inc.'s initial public offering in November 1999 and as an owner and operator of the business of Chat TV. This will be the case unless the opportunity to pursue the particular business activity is first offered to Mr. Allen, he decides not to pursue it and he consents to our engaging in the business activity. The cable transmission business means the business of transmitting video, audio, including telephone services, and data over cable television systems owned, operated or managed by us from time to time. These provisions may limit our ability to take advantage of attractive business opportunities. Consequently, our ability to offer new products and services outside of the cable transmission business and enter into new businesses could be adversely affected, resulting in an adverse effect on our growth, financial condition and results of operations. See "Certain Relationships and Related Transactions -- Allocation of Business Opportunities with Mr. Allen."

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

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

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

- restricting the calling of special meetings of shareholders; and

- requiring advanced notice for proposals for shareholder meetings.

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

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

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

Charter Communications, Inc. is a holding company whose principal asset is an approximate 40.8% 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 indirect subsidiaries. Neither Charter Communications, Inc. nor Charter Communications Holding Company holds any significant assets other than their direct and indirect interests in our subsidiaries. Charter Communications, Inc.'s and Charter Communications Holding Company's cash flow depends upon the cash flow of our operating subsidiaries and the payment of funds by these operating subsidiaries to Charter Communications Holding Company and Charter Communications, Inc. This will affect the ability of Charter Communications, Inc. and Charter Communications Holding Company to meet their obligations, including:

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

- obligations under employment and consulting agreements;

- obligations under the mutual services agreement with Charter Investment under which Charter Investment provides Charter Communications, Inc. with personnel and services; and

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

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

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

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

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

IF A COURT DETERMINES THAT THE CLASS B COMMON STOCK IS NO LONGER ENTITLED TO SPECIAL VOTING RIGHTS, WE WOULD LOSE OUR 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 a court determines that the Class B common stock is no longer entitled to special voting rights, we 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:

- We would retain our proportional equity interest in Charter Communications Holding Company but would lose all of our powers to direct the management and affairs of Charter Communications Holding Company and its subsidiaries;

- Class A common shareholders would lose any right they had at that time or might have had in the future to direct, through equity ownership in us, the management and affairs of Charter Communications Holding Company; and

- We would become strictly a passive investment vehicle.

This result, as well as the impact of being treated by investors as an investment company, could materially adversely impact:

- the liquidity of the Class A common stock;

- how it trades in the marketplace;

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

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

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

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

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

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

Charter Communications Holding Company's limited liability company agreement provides that through the end of 2003, tax losses of Charter Communications Holding Company that would otherwise have been allocated to us based generally on our percentage of outstanding membership units of Charter Communications Holding Company will instead be allocated to the membership units held by Vulcan Cable III Inc. and Charter Investment. The purpose of these special tax allocation provisions is to allow Mr. Allen to take advantage for tax purposes of the losses expected to be generated by Charter Communications Holding Company. The limited liability company agreement further provides that beginning at the time that Charter Communications Holding Company first becomes profitable (as determined under the applicable federal income tax rules for determining book profits), tax profits that would otherwise have been allocated to us based generally on our percentage of outstanding membership units of Charter Communications Holding Company will instead be allocated to membership units held by Vulcan Cable III Inc. and Charter Investment. In some situations, the special tax allocation provisions could result in our having to pay taxes in an amount that is more than if Charter Communications Holding Company had allocated losses and profits to us based generally on our percentage of outstanding membership units from the time of the completion of the offering. See "Description of Capital Stock and Membership Units -- Special Allocation of Losses."

OUR MANAGEMENT MAY BE RESPONSIBLE FOR MANAGING OTHER CABLE OPERATIONS AND MAY NOT DEVOTE THEIR FULL TIME TO OUR OPERATIONS. THIS COULD GIVE RISE TO CONFLICTS OF INTEREST AND IMPAIR OUR OPERATING RESULTS.

Mr. Allen and certain other of our affiliates may from time to time in the future acquire cable systems in addition to those owned by us.

We, as well as some of our officers who currently manage our cable systems, may have a substantial role in managing outside cable systems that may be acquired in the future. As a result, the time we devote to managing Charter Communications Holding Company's systems may be correspondingly reduced. This could adversely affect our growth, financial condition and results of operations. Moreover, allocating our managers' time and other resources and those of Charter Communications Holding Company between our systems and outside systems that may be held by our affiliates could give rise to conflicts of interest. Neither we nor Charter Communications Holding Company have or plan to create formal procedures for determining whether and to what extent outside cable television systems acquired in the future will receive priority with respect to personnel requirements.

OUR ACQUISITIONS

SPECIFIED FORMER OWNERS OF RIFKIN, FALCON, BRESNAN AND HELICON WHO ACQUIRED EQUITY INTERESTS MAY BE ENTITLED TO CAUSE US TO REPURCHASE THEIR EQUITY INTERESTS BECAUSE OF POSSIBLE VIOLATIONS OF SECTION 5 OF THE SECURITIES ACT OF 1933, AS AMENDED. IF WE DO NOT HAVE SUFFICIENT CAPITAL TO FUND ANY OR ALL OF THESE REPURCHASES, ANY OF THE OWNERS OF THESE EQUITY INTERESTS COULD INITIATE LEGAL PROCEEDINGS AGAINST US. THIS COULD LEAD TO DEFAULTS UNDER OUR OTHER OBLIGATIONS.

We acquired Helicon I, L.P. and affiliates (Helicon) in July 1999, Rifkin Acquisition Partners L.L.L.P. and InterLink Communications Partners, LLLP (collectively, Rifkin) in September 1999, Falcon Communications, L.P. (Falcon) in November 1999 and Bresnan in February 2000. The Rifkin, Falcon and Bresnan sellers who acquired Charter Communications Holding Company membership units or, in the case of Bresnan, additional equity interests in an indirect subsidiary of Charter Holdings, in connection with these respective acquisitions and the Helicon sellers who acquired shares of Class A common stock in our initial public offering may have rescission rights against us and Charter Communications Holding Company arising out of possible violations of Section 5 of the Securities Act of 1933, as amended, in connection with the offers and sales of these equity interests. If all of these equity holders successfully exercised their possible rescission rights, we or Charter Communications Holding Company would become obligated to repurchase all such equity interests, and the total repurchase obligation could be as much as approximately $1.8 billion as follows:

- up to a maximum of $144.0 million to repurchase all of the Rifkin sellers' equity interests;

- up to a maximum of $594.0 million to repurchase all of the Falcon sellers' equity interests;

- up to a maximum of $1.095 billion to repurchase all of the Bresnan sellers' equity interests; and

- up to a maximum of $13.0 million to repurchase the shares of Class A common stock purchased by Helicon sellers in our directed share program.

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

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

We have grown rapidly through acquisitions of cable systems, and now own and operate cable systems serving approximately 6.3 million customers. We may acquire more cable systems in the future, through direct acquisition, system swaps or otherwise. The integration of the cable systems we have recently acquired 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;

- 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.

OUR BUSINESS

WE HAVE SUBSTANTIAL EXISTING DEBT AND WILL INCUR SUBSTANTIAL ADDITIONAL DEBT, WHICH COULD ADVERSELY AFFECT OUR FINANCIAL HEALTH AND 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, 2000, pro forma for the Kalamazoo transaction, borrowings under the Charter Holdings senior bridge loan facility and the application of a portion of such borrowings to repay a portion of the Charter Operating revolving credit facility, our total debt would have been approximately $11.6 billion, and our total shareholders' equity would have been approximately $2.9 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 increases, because a significant portion 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 and other general corporate expenses;

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

- 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 our debt.

The agreements and instruments governing our debt do not prohibit us from incurring additional debt, although they do place certain limitations on such additional debt. Further, the agreements and instruments governing our debt allow for the incurrence of debt by our subsidiaries. We anticipate incurring significant additional debt in the future to fund the expansion, maintenance and upgrade of our cable systems. 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 THAT COULD SIGNIFICANTLY IMPACT OUR ABILITY TO OPERATE OUR BUSINESS.

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

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

Furthermore, in accordance with our credit facilities, a number of our subsidiaries 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 our ongoing operations will depend on our ability to generate cash and to secure financing in the future. This, to a certain extent, is subject to general economic, financial, competitive, legislative, regulatory and other factors beyond our control. If our business does not generate sufficient cash flow from operations, and sufficient future borrowings are not available to us under our credit facilities or from other sources of financing, we may not be able to repay our debt, to grow our business or to fund our other liquidity needs.

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

We commenced active operations in 1994 and have grown rapidly since then through acquisitions of cable systems. As of June 30, 2000, after giving effect to the acquisition of the Kalamazoo system completed since that date, our systems served approximately 400% 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 over our short operating history is not necessarily indicative of future performance.

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

We have had a history of net losses and expect to continue to report net losses for the foreseeable future. We expect our net losses to increase as a result of acquisitions. We reported losses before minority interest of $5 million for 1997, $22 million for 1998, $639 million for 1999 and $944 million for the six months ended June 30, 2000. On a pro forma basis, giving effect to the merger of Charter Holdings and Marcus Holdings, acquisitions completed in 1999 and 2000, the sale of the March 1999 and January 2000 Charter Holdings notes and the drawdown on the Charter Holdings senior bridge loan facility, we had net losses before minority interest in loss of subsidiary and extraordinary item of $1.5 billion for 1999 and $1.0 billion for the six months ended June 30, 2000. We cannot predict what impact, if any, continued losses will have on our ability to finance our operations in the future.

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

If we are unable to grow our cash flow sufficiently, we may be unable to repay our debt, to grow our business or to fund our other liquidity needs. We expect that a substantial portion of our future growth will be achieved through revenues from new products and services. 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.

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

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

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

We intend to upgrade a significant portion of our cable systems over the coming years and make other capital investments. For the three years ending December 31, 2002, we plan to spend approximately $6.4 billion for capital expenditures, approximately $3.2 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 $3.2 billion will be used for extensions of systems, development of new products and services, purchases of converters and system maintenance.

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, financial condition and results of 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. CONSEQUENTLY, OUR GROWTH, RESULTS OF OPERATIONS AND FINANCIAL CONDITION COULD SUFFER MATERIALLY.

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, financial condition and results of operations 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 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 telecommunications 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 DEPEND ON THIRD-PARTY EQUIPMENT AND SOFTWARE SUPPLIERS. IF WE ARE UNABLE TO PROCURE THE NECESSARY EQUIPMENT, OUR ABILITY TO OFFER OUR SERVICES COULD BE IMPAIRED. THIS COULD ADVERSELY AFFECT OUR GROWTH, FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

We depend on vendors to supply the set-top converter boxes for analog and digital cable services. This equipment is available from a limited number of suppliers. We typically purchase set-top converter boxes under purchase orders placed from time to time and do not carry significant inventories of set-top converter boxes. If demand for set-top converter boxes exceeds our inventories and we are unable to obtain required set-top converter boxes on a timely basis and at an acceptable cost, our ability to recognize additional revenue from digital services could be delayed or impaired. In addition, if there are no suppliers who are able to provide converter devices that comply with evolving Internet and telecommunications standards or that are compatible with other products or components we use, our business would be impaired.

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

In the past, Mr. Allen and his affiliates have contributed funds to us and our subsidiaries. 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 the shares of Class A or Class B common stock he holds in Charter Communications, Inc. or causing Charter Investment, Inc. or Vulcan Cable III Inc. to sell their membership units in Charter Communications Holding Company. We cannot assure you that Mr. Allen or any of his affiliates will maintain all or any portion of his direct or indirect ownership interests in Charter Communications, Inc. or Charter Communications Holding Company. 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 these equity interests or the loss of his services by Charter Communications, Inc. and/or Charter Communications Holding Company could adversely affect our growth, financial condition and results of operations, or adversely impact the market price of our Class A common stock.

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

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

- cable television operators;
- regional telephone companies;
- long distance telephone service providers;
- electric utilities;
- local exchange carriers, which are local phone companies that provide local area telephone services and access to long distance services to customers;
- providers of cellular and other wireless communications services; and
- Internet service providers.

We face competition within the subscription television industry, which includes providers of paid television service employing technologies other than cable, such as direct broadcast satellite or DBS, 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 competition may affect our business and operations in the future. See "Business -- Competition."

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 Mr. Allen, Chairman of Charter Communications, Inc.'s board of directors, and Jerald L. Kent, Charter Communications, Inc.'s President and Chief Executive Officer. The loss of the services of Mr. Allen or Mr. Kent could adversely affect our growth, 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. Certain states and localities, led by Florida, are considering new telecommunications taxes that could increase operating expenses. We cannot predict whether in response to these efforts any of the states or localities in which we now operate will expand regulation of our cable systems in the future or how they will do so.

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

Recently, a number of companies, including telephone companies and Internet service providers, have requested local authorities and the Federal Communications Commission to require cable operators to provide access to cable's broadband infrastructure, which allows cable to deliver a multitude of channels and/or services, so that these companies may deliver Internet services directly to customers over cable facilities. For example, Broward County, Florida granted open access to an Internet service provider as a condition to a cable operator's transfer of its franchise for cable service. The cable operator has commenced legal action at the federal district level. A federal district court in Virginia and a federal circuit court in California recently struck down as unlawful open access requirements imposed by two different franchising authorities. The federal circuit court ruling, which is now the leading decision, reversed an earlier district court decision that had upheld an open access requirement.

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

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

- would strengthen our Internet service provider competitors; and

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

In addition, we cannot assure you that if we were required to provide access in this manner, it would not have a significant adverse impact on our profitability. This could impact us in many ways, including by:

- increasing competition;

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

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

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

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

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

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

Our cable systems are operated under franchises granted by local franchising authorities. These franchises are non-exclusive. Consequently, such local franchising authorities can grant additional franchises to competitors in the same geographic area. As a result, competing operators may build systems in areas in which we hold franchises. In some cases municipal utilities may legally compete with us without obtaining a franchise from the local franchising authority. The existence of more than one cable system operating in the same territory is referred to as an overbuild. These overbuilds could adversely affect our growth, financial condition and results of operations by increasing competition or creating competition where none existed previously. As of June 30, 2000, pro forma for the Kalamazoo transaction, we are aware of overbuild situations impacting 140,500 of our customers and potential overbuild situations in areas servicing another 161,500 basic customers, together representing a total of 302,000 customers. Additional overbuild situations may occur in other systems.

LOCAL FRANCHISE AUTHORITIES HAVE THE ABILITY TO IMPOSE ADDITIONAL REGULATORY CONSTRAINTS ON OUR BUSINESS. THIS COULD 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, 2000, we have refunded a total of approximately $847,000 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 CAUSE US TO DELAY OR CANCEL SERVICE OR PROGRAMMING ENHANCEMENTS OR IMPAIR OUR ABILITY TO RAISE RATES TO COVER OUR INCREASING COSTS.

On March 31, 1999, the pricing of expanded basic cable programming packages was 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 system 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, or at all, and conditions could be imposed upon such licenses or authorizations that may not be favorable to us. Furthermore, telecommunications companies, including Internet protocol telephony companies, generally are subject to significant regulation as well as higher fees for pole attachments. Internet protocol telephony companies are companies that have the ability to offer telephone services over the Internet. 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. A recent court decision suggests that the provision of Internet service may subject cable systems to higher pole attachment rates.

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. Many of the forward-looking statements contained in this prospectus may be identified by the use of forward-looking words such as "believe," "expect," "anticipate," "should," "planned," "estimated" and "potential," among others. Important factors that could cause actual results to differ materially from the forward-looking statements we make in this prospectus are set forth in this prospectus and in other reports or documents that we file from time to time with the SEC and include, but are not limited to:

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

- 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; and

- Our ability to effectively compete in a highly competitive environment.

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

USE OF PROCEEDS

We will not receive any proceeds from the sales of common stock by the selling shareholders pursuant to this prospectus.

DIVIDEND POLICY

We have never paid and 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, 2000 on a consolidated basis:

- the actual capitalization of Charter Communications, Inc.; and

- the pro forma capitalization of Charter Communications, Inc., assuming completion as of June 30, 2000 of:

  (1) the Kalamazoo transaction; and

  (2) borrowings under the Charter Holdings senior bridge loan facility and the application of a portion of such borrowings to repay a portion of the Charter Operating revolving credit facility.

The impact of the Chat TV transaction is not presented below because the effect was not significant.

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

	AS OF JUNE 30, 2000	
	ACTUAL	PRO FORMA
	(DOLLARS IN THOUSANDS)	
LONG-TERM DEBT:		
Credit facilities:		
Charter Holdings senior bridge loan	$ --	$ 1,000,000
Charter Operating(a)	4,232,000	3,275,000
CC V -- Avalon	170,000	170,000
CC VI -- Fanch	850,000	850,000
CC VII -- Falcon	1,059,500	1,059,500
CC VIII Operating -- Bresnan	638,900	638,900
8.250% senior notes due 2007	598,657	598,657
8.625% senior notes due 2009	1,496,016	1,496,016
9.920% senior discount notes due 2011	1,026,029	1,026,029
10.00% senior notes due 2009	675,000	675,000
10.25% senior notes due 2010	325,000	325,000
11.75% senior discount notes due 2010	316,780	316,780
11.875% senior discount notes due 2008 -- Avalon	124,977	124,977
Other notes(b)	92,469	92,469
Total long-term debt	11,605,328	11,648,328
MINORITY INTEREST(c)	4,689,263	4,687,187
REDEEMABLE SECURITIES(d)	1,846,176	1,846,176
SHAREHOLDERS' EQUITY:		
Class A common stock; $.001 par value; 1.75 billion shares authorized; 222,039,746 and 233,213,122 shares issued and outstanding, respectively	195	206
Class B common stock; $.001 par value; 750 million shares authorized; 50,000 shares issued and outstanding	--	--
Preferred stock; $.001 par value; 250 million shares authorized; no shares issued and outstanding	--	--
Additional paid-in capital	3,145,798	3,315,013
Accumulated deficit	(443,766)	(443,766)
Accumulated other comprehensive income	961	961
Total shareholders' equity	2,703,188	2,872,414
Total capitalization	$20,843,955	$21,054,105

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(a) The decrease in the Charter Operating credit facilities is related to the use of a portion of the proceeds from the borrowings under the Charter Holdings senior bridge loan facility to repay a portion of the amounts outstanding offset by an increase in the credit facilities to fund the Farmington and Capital Cable acquisitions.

(b) Primarily represents outstanding notes of our Renaissance subsidiary. See "Management's Discussion and Analysis of Financial Condition and Results of Operations -- Financing Activities" and "Description of Certain Indebtedness."

(c) Minority interest consists primarily of (1) total members' equity of Charter Communications Holding Company multiplied by 60.4% at June 30, 2000 and 59.2% on a pro forma basis at June 30, 2000, the ownership percentage of Charter Communications Holding Company not owned by us and (2) preferred equity in a subsidiary of Charter Holdings held by certain Bresnan sellers less a portion of redeemable securities. Gains (losses) arising from the issuance by Charter Communications Holding Company of its membership units are recorded as capital transactions, thereby increasing/(decreasing) shareholders' equity and (decreasing)/increasing minority interest.

(d) The Rifkin, Falcon, Helicon and Bresnan sellers who own equity interests in Charter Communications, Inc. and certain subsidiaries may have rescission rights arising out of possible violations of Section 5 of the Securities Act of 1933, as amended, in connection with the offers and sales of those equity interests. Accordingly, the maximum cash obligation related to the possible rescission rights, estimated at $1.8 billion, has been excluded from shareholders' equity and minority interest, and classified as redeemable securities. One year after the date of issuance of these equity interests (when these possible recission rights will have expired), we will reclassify the respective amounts to shareholders' equity and minority interest. See "Certain Trends and Uncertainties -- Possible Rescission Liability."

DILUTION

The sales of Class A common stock by the selling shareholders as described in this prospectus do not dilute the shares of Class A common stock because the shares of Class A common stock sold under this prospectus are already issued and outstanding.

UNAUDITED PRO FORMA FINANCIAL STATEMENTS

The following Unaudited Pro Forma Financial Statements of Charter Communications, Inc. are based on the historical financial statements of Charter Communications, Inc. Since January 1, 1999, Charter Communications Holding Company and Charter Holdings have closed numerous acquisitions. In addition, Charter Holdings merged with Marcus Holdings in March 1999. The consolidated financial statements are adjusted on a pro forma basis to illustrate the estimated effects of the Kalamazoo transaction, including the impact of amounts allocated to minority interest, and borrowings under the Charter Holdings senior bridge loan facility, as if such transactions had occurred on June 30, 2000 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, 1999 for the unaudited pro forma statements of operations:

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

(2) the acquisitions by Charter Communications Holding Company, Charter Holdings and their subsidiaries completed since January 1, 1999, including the Kalamazoo transaction and the transfer of an Indiana cable system in connection with the acquisition of InterMedia Capital Partners IV, L.P., InterMedia Partners and affiliates;

(3) the refinancing of the previous credit facilities of the Charter companies and certain acquired companies;

(4) the sale of the March 1999 Charter Holdings notes and the January 2000 Charter Holdings notes, and the repurchase of certain of the Falcon Communications, L.P., Avalon Cable of Michigan Holdings, Inc., and Bresnan notes and debentures; and

(5) borrowings under the Charter Holdings senior bridge loan facility and the application of a portion of such borrowings to repay a portion of the Charter Operating revolving credit facility.

The impact of the Chat TV transaction is not presented in the unaudited pro forma financial statements because the effect was not significant.

The Unaudited Pro Forma Financial Statements reflect the application of the principles of purchase accounting to the transactions listed in items (1) and (2) above. The allocation of certain purchase prices is based, in part, on preliminary information, which is subject to adjustment upon obtaining complete valuation information of intangible assets and is subject to post-closing purchase price adjustments. We believe that finalization of the purchase prices and the allocation will not have a material impact on the results of operations or financial position of Charter Communications, Inc.

Immediately after the closing of the Kalamazoo transaction, Charter Communications, Inc. contributed 100% of the equity interest of the direct owner of the Kalamazoo system to Charter Communications Holding Company in exchange for 11,173,376 Class B common membership units of Charter Communications Holding Company. As a result, the economic interest of Charter Communications, Inc. in Charter Communications Holding Company, increased to 40.8% from 39.6%. The unaudited pro forma financial statements reflect a minority interest of 59.2%.

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 DATA
AS OF AND FOR THE SIX MONTHS ENDED JUNE 30, 2000

	CHARTER COMMUNICATIONS, INC.	2000 ACQUISITIONS (NOTE A)	BRIDGE LOAN (NOTE B)	TOTAL
	(DOLLARS IN THOUSANDS, EXCEPT SUBSCRIBER DATA)			
STATEMENT OF OPERATIONS:				
Revenues	$ 1,516,384	$ 47,721	$ --	$ 1,564,105
Operating expenses:				
Operating, general and administrative	778,313	31,323	--	809,636
Depreciation and amortization	1,149,787	35,699	--	1,185,486
Option compensation expense	26,089	--	--	26,089
Corporate expense charges (Note C)	27,515	449	--	27,964
Management fees	--	181	--	181
Total operating expenses	1,981,704	67,652	--	2,049,356
Loss from operations	(465,320)	(19,931)	--	(485,251)
Interest expense	(482,042)	(24,381)	(32,555)	(538,978)
Interest income	6,110	46	--	6,156
Other income (expense)	(2,504)	(92)	--	(2,596)
Loss before income taxes, minority interest in loss of subsidiary and extraordinary item	(943,756)	(44,358)	(32,555)	$ (1,020,669)
Minority interest in loss of subsidiary (Note D)	566,221	16,671	19,289	602,181
Loss before extraordinary item	$ (377,535)	$ (27,687)	$ (13,266)	$ (418,488)
Loss per common share, basic and diluted (Note E)				$ (1.79)
Weighted average common shares outstanding, basic and diluted (Note F)				233,263,122
OTHER FINANCIAL DATA:				
EBITDA (Note G)	$ 681,963	$ 15,676		$ 697,639
EBITDA margin (Note H)	45.0%	32.8%		44.6%
Adjusted EBITDA (Note I)	$ 738,071	$ 16,398		$ 754,469
Cash flows from operating activities	606,832	90,020		696,852
Cash flows from investing activities	(1,051,136)	(38,924)		(1,090,060)
Cash flows from financing activities	(2,701,287)	(79,321)		(2,780,608)
Cash interest expense				444,304
Capital expenditures	1,049,991	102,805		1,152,796
Total debt to estimated annual EBITDA (Note J)				8.3x
Total debt to estimated annual adjusted EBITDA (Note K)				7.7
EBITDA to cash interest expense				1.6
EBITDA to interest expense				1.3
OPERATING DATA (AT END OF PERIOD, EXCEPT FOR AVERAGE):				
Homes passed (Note L)	8,911,200	1,155,600		10,066,800
Basic customers (Note M)	5,492,700	770,300		6,263,000
Basic penetration (Note N)	61.6%	66.7%		62.2%
Premium units (Note O)	2,952,700	373,800		3,326,500
Premium penetration (Note P)	53.8%	48.5%		53.1%
Average monthly revenue per basic customer (Note Q)				$ 41.62

NOTES TO UNAUDITED PRO FORMA STATEMENT OF OPERATIONS

NOTE A: Pro forma operating results for our acquisitions completed since January 1, 2000 consist of the following (dollars in thousands):

	SIX MONTHS ENDED JUNE 30, 2000			
	2000 ACQUISITIONS -- HISTORICAL			
	BRESNAN(A)	KALAMAZOO(B)	OTHER(C)	TOTAL
Revenues	$37,102	$10,231	$ 3,187	$ 50,520
Operating expenses:				
Operating, general and administrative	24,925	6,349	2,759	34,033
Depreciation and amortization	8,095	1,215	777	10,087
Corporate expense charges	--	231	3	234
Management fees	1,389	--	109	1,498
Total operating expenses	34,409	7,795	3,648	45,852
Income (loss) from operations	2,693	2,436	(461)	4,668
Interest expense	(9,566)	--	(1,565)	(11,131)
Interest income	44	2,343	2	2,389
Other income (expense)	(106)	(86)	(1)	(193)
Loss before income taxes and extraordinary item	$(6,935)	$ 4,693	$(2,025)	$ (4,267)

	SIX MONTHS ENDED JUNE 30, 2000				
	2000 ACQUISITIONS				
		PRO FORMA			
	HISTORICAL	ACQUISITIONS(D)	DISPOSITIONS(E)	ADJUSTMENTS	TOTAL
Revenues	$ 50,520	$556	$(3,355)	$ --	$ 47,721
Operating expenses:					
Operating, general and administrative	34,033	415	(1,507)	(1,618)(f)	31,323
Depreciation and amortization	10,087	107	(10)	25,515(g)	35,699
Corporate expense charges	234	47	--	168(f)	449
Management fees	1,498	--	(117)	(1,200)(h)	181
Total operating expenses	45,852	569	(1,634)	22,865	67,652
Income (loss) from operations	4,668	(13)	(1,721)	(22,865)	(19,931)
Interest expense	(11,131)	(8)	--	(13,242)(i)	(24,381)
Interest income	2,389	--	--	(2,343)(j)	46
Other income (expense)	(193)	10	(5)	96(k)	(92)
Income (loss) before income taxes, minority interest in loss of subsidiary and extraordinary item	(4,267)	(11)	(1,726)	(38,354)	(44,358)
Income tax benefit	--	(5)	--	5(l)	--
Minority interest in loss of subsidiary	--	--	--	16,671(m)	16,671
Income (loss) before extraordinary item	$ (4,267)	$ (6)	$(1,726)	$(21,688)	$(27,687)

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(a) Represents the results of operations of Bresnan for period from January 1, 2000 to February 14, 2000, the date of acquisition.

(b) Represents the historical results of operations of Kalamazoo for the six months ended June 30, 2000.

(c) Represents the historical results of operations of Capital Cable and Farmington for the period from January 1, 2000 through April 1, 2000, the date of acquisitions.

(d) Represents the historical results of operations for the period from January 1, 2000 through the date of purchase for an acquisition completed by Bresnan. This acquisition was accounted for using the purchase method of accounting. The purchase price was $36.2 million and the transaction closed in January 2000.

(e) Represents the operating results related to an Indiana cable system that we did not transfer at the time of the InterMedia closing because some of the necessary regulatory approvals were still pending. This system was transferred in March 2000. No material gain or loss occurred on the disposition as these systems were recently acquired and recorded at fair value at that time.

(f) Reflects a reclassification of expenses representing corporate expenses that would have occurred at Charter Investment, Inc. totaling $0.2 million. The remaining adjustment primarily relates to the elimination of divestiture costs of $0.8 million and the adjustment for Bresnan loss contracts of $0.6 million that were included in operating, general and administrative expense.

(g) Represents additional depreciation and amortization as a result of our acquisitions completed in 1999 and 2000. A large portion of the purchase price was allocated to franchises ($2.9 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....................................	$2,882.0	15	$27.0
Cable distribution systems...................	325.7	8	7.6
Land, buildings and improvements.............	10.2	10	0.2
Vehicles and equipment.......................	16.8	3	0.9
Total depreciation and amortization.....................................			35.7
Less -- historical depreciation and amortization........................			(10.2)
Adjustment...			$25.5

(h) Represents the elimination of termination benefits paid in connection with the Bresnan acquisition.

(i) Reflects additional interest expense on borrowings, which were used to finance the 2000 acquisitions as follows (dollars in millions):

$631.2 million of credit facilities at a composite current rate of 8.4% -- Bresnan..................................	$ 6.6
January 2000 Charter Holdings notes used to refinance Bresnan 8.0% senior notes and 9.25% senior discount notes at composite rate of 10.55%..............................	4.7
Interest expense on additional borrowings used to finance other acquisitions at a composite current rate of 8.8%....	13.0
Total pro forma interest expense.......................	24.3
Less -- historical interest expense from acquired companies...	(11.1)
Adjustment..	$ 13.2

An increase in the interest rate of 0.125% on all variable rate debt would result in an increase in interest expense of $4.4 million.

(j) Represents interest income on a historical related party receivable that will be retained by the seller.

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

(l) Represents an adjustment to eliminate income tax benefit as a result of expected recurring future losses. The losses will not be tax benefited, and a net deferred tax asset will not be recorded.

(m) Represents the allocation of losses to the minority interest in loss of subsidiary based on ownership of Charter Communications Holding Company and the 2% accretion of the preferred membership units in an indirect subsidiary of Charter Holdings issued to certain Bresnan sellers.

NOTE B: Represents an increase in interest expense related to borrowings under the Charter Holdings senior bridge loan facility and the application of a portion of such borrowings to repay a portion of the Charter Operating revolving credit facility (dollars in millions).

$1.0 billion of Charter Holdings senior bridge loan at a weighted average rate of 14.52%..........................	$ 72.6
Amortization of debt issuance costs associated with the Charter Holdings senior bridge loan......................	1.3
Less -- historical interest expense on $957.0 million Charter Operating credit facilities at a composite rate of 8.6%.......................................	(41.3)
	$ 32.6

Also represents an adjustment to minority interest in loss of subsidiary to reflect the allocation of 59.2% of the pro forma loss to minority interest.

NOTE C: From November 12, 1999, the date of the initial public offering of Charter Communications, Inc., Charter Investment, Inc. provided management services to subsidiaries of Charter Operating. From and after the initial public offering of Charter Communications Inc., such management services were provided by Charter Communications, Inc. See "Certain Relationships and Related Transactions."

NOTE D: Represents the allocation of losses to the minority interest in loss of subsidiary based on ownership of Charter Communications Holding Company and the 2% accretion of the preferred membership units in an indirect subsidiary of Charter Holdings issued to certain Bresnan sellers. These membership units are exchangeable on a one-for-one basis for shares of Class A common stock of Charter Communications, Inc.

NOTE E: Basic and diluted loss per common share assumes none of the membership units of Charter Communications Holding Company or preferred membership units in an indirect subsidiary of Charter Holdings held by certain Bresnan sellers as of June 30, 2000, are exchanged for Charter Communications, Inc. Class A common stock and none of the outstanding options to purchase membership units of Charter Communications Holding Company that are automatically exchanged immediately after issuance for Charter Communications, Inc. Class A common stock are exercised. Basic and diluted loss per common share equals net loss divided by weighted average common shares outstanding. If the membership units were exchanged or options exercised, the effects would be antidilutive.

	FOR THE SIX MONTHS ENDED JUNE 30, 2000
Converted loss per common share.......................	$ (1.71)
Weighted average common shares outstanding -- converted............................	596,575,345

Converted loss per common share assumes all common membership units of Charter Communications Holding Company and preferred membership units in an indirect subsidiary of Charter Holdings held by certain Bresnan sellers as of June 30, 2000, are exchanged for Charter Communications, Inc. Class A common stock. If all these shares are converted, minority interest would equal zero. Converted loss per common share is calculated by dividing loss before minority interest by the weighted average common shares outstanding -- converted. Weighted average common shares outstanding -- converted assumes the total common membership units in Charter Communications Holding Company totaling 339,096,474 and 24,215,749 preferred membership units in an indirect subsidiary of Charter Holdings held by certain Bresnan sellers are exchanged for Charter Communications, Inc. Class A common stock.

NOTE F: Represents all shares outstanding as of January 1, 2000 (195,550,000 shares) plus shares issued to the Rifkin and Falcon sellers through June 30, 2000 (26,539,746 shares) and shares issued in the Kalamazoo transaction (11,173,376 shares).

NOTE G: EBITDA represents earnings (loss) before extraordinary item, interest, income taxes, depreciation and amortization, and minority interest. EBITDA is presented because it is a widely accepted financial indicator of a cable 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 option compensation expense, corporate expense charges, management fees and other expenses. 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: Estimated annual EBITDA represents EBITDA for the six months ended June 30, 2000 multiplied by 2.

NOTE K: Estimated annual adjusted EBITDA represents EBITDA for the six months ended June 30, 2000 multiplied by 2.

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

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

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

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

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

NOTE Q: Average monthly revenue per basic customer represents revenues divided by six divided by the number of basic customers at June 30, 2000.

UNAUDITED PRO FORMA DATA
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 1999

(DOLLARS IN THOUSANDS, EXCEPT SUBSCRIBER DATA)

	CHARTER COMMUNICATIONS, INC. (NOTE A)	ACQUISITIONS (NOTE B)	BRIDGE LOAN (NOTE C)	TOTAL
STATEMENT OF OPERATIONS:				
Revenues	$1,553,424	$1,397,611	$ --	$ 2,951,035
Operating expenses:				
Operating, general and administrative	806,941	703,712	--	1,510,653
Depreciation and amortization	808,981	887,586	--	1,696,567
Option compensation expense	79,979	--	--	79,979
Corporate expense charges (Note D)	51,428	59,202	--	110,630
Management fees	--	16,224	--	16,224
Total operating expenses	1,747,329	1,666,724	--	3,414,053
Loss from operations	(193,905)	(269,113)	--	(463,018)
Interest expense	(536,218)	(487,724)	(65,111)	(1,089,053)
Interest income	4,329	1,335	--	5,664
Other income (expense)	285	(646)	--	(361)
Loss before income taxes, minority interest in loss of subsidiary and extraordinary item	(725,509)	(756,148)	(65,111)	(1,546,768)
Income tax expense	(1,030)	(2,717)	--	(3,747)
Minority interest in loss of subsidiary (Note E)	430,474	444,498	38,578	913,550
Loss before extraordinary item	$ (296,065)	$ (314,367)	$(26,533)	$ (636,965)
Loss per common share, basic and diluted (Note F)				$(2.73)
Weighted average common shares outstanding, basic and diluted (Note G)				233,263,122
OTHER FINANCIAL DATA:				
EBITDA (Note H)	$ 615,361	$ 617,827		$1,233,188
EBITDA margin (Note I)	39.6%	44.2%		41.8%
Adjusted EBITDA (Note J)	$ 746,483	$ 693,899		$1,440,382
Cash flows from operating activities	479,916	485,751		965,667
Cash flows used in investing activities	(768,263)	(641,724)		(1,409,987)
Cash flows from financing activities	412,480	243,024		655,504
Cash interest expense				882,702
Capital expenditures	741,508	545,322		1,286,830
Total debt to EBITDA				9.1x
Total debt to adjusted EBITDA				7.8
EBITDA to cash interest expense				1.4
EBITDA to interest expense				1.1
OPERATING DATA (AT END OF PERIOD, EXCEPT FOR AVERAGE):				
Homes passed (Note K)	8,706,400	1,146,400		9,852,800
Basic customers (Note L)	5,452,500	768,100		6,220,600
Basic penetration (Note M)	62.6%	67.0%		63.1%
Premium units (Note N)	2,800,800	343,700		3,144,400
Premium penetration (Note O)	51.4%	44.7%		50.5%
Average monthly revenue per basic customer (Note P)				$39.53

NOTES TO UNAUDITED PRO FORMA STATEMENT OF OPERATIONS

NOTE A: Pro forma operating results for Charter Communications, Inc. consist of the following (dollars in thousands):

	HISTORICAL			
	YEAR ENDED 12/31/99 CHARTER COMMUNICATIONS, INC.	1/1/99 THROUGH 3/31/99 MARCUS HOLDINGS(A)	PRO FORMA ADJUSTMENTS	TOTAL
Revenues	$1,428,244	$125,180	$ --	$1,553,424
Operating expenses:				
Operating, general and administrative	737,957	68,984	--	806,941
Depreciation and amortization	745,315	51,688	11,978(b)	808,981
Option compensation expense	79,979	--	--	79,979
Corporate expense charges	51,428	--	--	51,428
Management fees	--	4,381	(4,381)(c)	--
Total operating expenses	1,614,679	125,053	7,597	1,747,329
Income (loss) from operations	(186,435)	127	(7,597)	(193,905)
Interest expense	(477,799)	(27,067)	(31,352)(d)	(536,218)
Interest income	34,467	104	(30,242)(e)	4,329
Other expense	(8,039)	(158)	8,482(f)	285
Loss before income taxes, minority interest in loss of subsidiary and extraordinary item	$ (637,806)	$(26,994)	$ (60,709)	$ (725,509)
Income tax expense	1,030	--	--	1,030
Minority interest in loss of subsidiary	572,607	--	(142,133)(g)	430,474
Loss before extraordinary item	$ (66,229)	$(26,994)	$(202,842)	$ (296,065)

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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 the 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) Represents the issuance of the following January 2000 Charter Holdings notes and the reduction of interest expense in connection with the extinguishment of substantially all of our long-term debt in March 1999, excluding borrowings under our previous credit facilities, and the refinancing of all previous credit facilities (dollars in millions):

DESCRIPTION	INTEREST EXPENSE
$675.0 million of 10.00% senior notes	$ 67.5
$325.0 million of 10.25% senior notes	33.3
$532.0 million of 11.75% senior discount notes	36.3
Reduction of interest expense in connection with the issuance of March 1999 Charter Holding notes	(2.8)
Amortization of debt issuance costs	5.0
Total pro forma interest expense	139.3
Less -- historical interest expense	(107.9)
Adjustment	$ 31.4

(e) Reflects the elimination of interest income on excess cash since we assumed substantially all such cash was used to finance a portion of the acquisitions completed in 1999.

(f) Reflects the elimination of expenses related to the March 1999 extinguishment and refinancing of debt.

(g) Adjusts minority interest in loss of subsidiary to reflect the allocation of 59.2% of pro forma losses to minority interest.

NOTE B: Pro forma operating results for our acquisitions completed since January 1, 1999 consist of the following (dollars in thousands):

	YEAR ENDED DECEMBER 31, 1999 ACQUISITIONS -- HISTORICAL							
	RENAISSANCE(A)	AMERICAN CABLE(A)	GREATER MEDIA SYSTEMS(A)	HELICON(A)	RIFKIN(A)	INTERMEDIA SYSTEMS(A)	FALCON(A)	FANCH(A)
Revenues	$20,396	$12,311	$42,348	$ 49,564	$152,364	$152,789	$ 371,617	$185,917
Operating expenses:								
Operating, general and administrative	9,382	6,465	26,067	31,563	95,077	84,174	218,308	85,577
Depreciation and amortization	8,912	5,537	5,195	16,617	77,985	79,325	196,260	62,097
Equity-based deferred compensation	--	--	--	--	--	--	46,400	--
Corporate expense charges	--	--	--	--	--	--	--	--
Management fees	--	369	--	2,511	2,513	2,356	--	6,162
Total operating expenses	18,294	12,371	31,262	50,691	175,575	165,855	460,968	153,836
Income (loss) from operations	2,102	(60)	11,086	(1,127)	(23,211)	(13,066)	(89,351)	32,081
Interest expense	(6,321)	(3,218)	(565)	(20,682)	(34,926)	(17,636)	(114,993)	--
Interest income	122	32	--	124	--	187	--	--
Other income (expense)	--	2	(398)	--	(12,742)	(2,719)	8,021	(7,796)
Income (loss) before income taxes and extraordinary item	(4,097)	(3,244)	10,123	(21,685)	(70,879)	(33,234)	(196,323)	24,285
Income tax expense (benefit)	(65)	5	4,535	--	(1,975)	(2,681)	2,509	197
Income (loss) before extraordinary item	$(4,032)	$(3,249)	$ 5,588	$(21,685)	$(68,904)	$(30,553)	$(198,832)	$24,088

	YEAR ENDED DECEMBER 31, 1999 ACQUISITIONS -- HISTORICAL				
	AVALON(A)	BRESNAN(B)	KALAMAZOO(B)	OTHER(B)	TOTAL
Revenues	$ 94,383	$283,574	$20,259	$24,826	$1,410,348
Operating expenses:					
Operating, general and administrative	53,089	176,611	12,321	14,232	812,866
Depreciation and amortization	39,943	59,752	3,534	6,792	561,949
Equity-based deferred compensation	--	--	1,868	--	48,268
Corporate expense charges	--	--	501	--	501
Management fees	--	--	--	910	14,821
Total operating expenses	93,032	236,363	18,224	21,934	1,438,405
Income (loss) from operations	1,351	47,211	2,035	2,892	(28,057)
Interest expense	(40,162)	(67,291)	--	(6,180)	(311,974)
Interest income	764	--	4,120	(20)	5,329
Other income (expense)	4,499	(344)	(189)	(30)	(11,696)
Income (loss) before income taxes and extraordinary item	(33,548)	(20,424)	5,966	(3,338)	(346,398)
Income tax expense (benefit)	(13,936)	--	--	--	(11,411)
Income (loss) before extraordinary item	$(19,612)	$(20,424)	$ 5,966	$(3,338)	$ (334,987)

	YEAR ENDED DECEMBER 31, 1999				
	ACQUISITIONS				
		PRO FORMA			
	HISTORICAL	ACQUISITIONS(C)	DISPOSITIONS(D)	ADJUSTMENTS	TOTAL
Revenues	$1,410,348	$43,859	$(53,626)	$ (2,970)(e)	$1,397,611
Operating expenses:					
Operating, general and administrative	812,866	25,370	(25,493)	(109,031)(f)	703,712
Depreciation and amortization	561,949	11,166	(22,850)	337,321(g)	887,586
Equity-based deferred compensation	48,268	--	--	(48,268)(h)	--
Corporate expense charges	501	1,280	--	57,421(f)	59,202
Management fees	14,821	1,403	--	--	16,224
Total operating expenses	1,438,405	39,219	(48,343)	237,443	1,666,724
Income (loss) from operations	(28,057)	4,640	(5,283)	(240,413)	(269,113)
Interest expense	(311,974)	(2,402)	37	(173,385)(i)	(487,724)
Interest income	5,329	126	--	(4,120)(j)	1,335
Other income (expense)	(11,696)	49,024	(2,576)	(35,398)(k)	(646)
Income (loss) before income taxes, minority interest in loss of subsidiary and extraordinary item	(346,398)	51,388	(7,822)	(453,316)	(756,148)
Income tax expense (benefit)	(11,411)	(47)	--	14,175(l)	2,717
Minority interest in loss of subsidiary	--	--	--	444,498(m)	444,498
Income (loss) before extraordinary item	$ (334,987)	$51,435	$ (7,822)	$ (22,993)	$ (314,367)

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(a) Renaissance represents the results of operations of Renaissance Media Group, LLC through April 30, 1999, the date of acquisition by Charter Holdings. American Cable represents the results of operations of American Cable Entertainment, LLC through May 7, 1999, the date of acquisition by Charter Holdings. Greater Media Systems represents the results of operations of cable systems of Greater Media Cablevision, Inc. through June 30, 1999, the date of acquisition by Charter Holdings. Helicon represents the results of operations of Helicon Partners I, L.P. and affiliates through July 30, 1999, the date of acquisition by Charter Holdings. InterMedia represents the results of operations of cable systems of Intermedia Capital Partners IV, L.P., InterMedia Partners and affiliates through October 1, 1999, the date of acquisition by Charter Holdings. Falcon represents the results of operations of cable systems of Falcon Communications, L.P. through November 12, 1999, the date of acquisition by Charter Communications Holding Company. Fanch represents the results of operations of cable systems of Fanch Cablevision L.P. and affiliates through November 15, 1999, the date of acquisition by Charter Communications Holding Company. Avalon represents the results of operations of cable systems of Avalon Cable of Michigan Holding, Inc. through November 15, 1999, the date of acquisition by Charter Communications Holding Company. Rifkin includes the results of operations 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 through September 13, 1999, the date of acquisition by Charter Holdings, as follows (dollars in thousands):

	RIFKIN ACQUISITION	RIFKIN CABLE INCOME	INDIANA CABLE	SOUTH FLORIDA	OTHER	TOTAL
Revenues	$ 68,829	$3,807	$ 6,034	$ 17,516	$ 56,178	$152,364
Income (loss) from operations	(6,954)	146	(3,714)	(14,844)	2,155	(23,211)
Loss before extraordinary item	(21,571)	(391)	(4,336)	(15,605)	(27,001)	(68,904)

(b) Bresnan represents the results of operations of cable systems of Bresnan for the year ended December 31, 1999. Kalamazoo represents the results of operations of cable systems of Cablevision of Michigan, Inc., the indirect owner of a cable system in Kalamazoo, Michigan, for the year ended December 31, 1999. Other represents the results of operations of Vista Broadband Communications, L.L.C. through July 30, 1999, the date of acquisition by Charter Holdings, the results of operations of cable systems of Cable Satellite of South Miami, Inc. through August 4, 1999, the date of acquisition by Charter Holdings and the results of operations of cable systems of Capital Cable and Farmington for the year ended December 31, 1999.

(c) Represents the historical results of operations for the period from January 1, 1999 through the date of purchase for acquisitions completed by Bresnan before December 31, 1999 and the historical results of operations for the year ended December 31, 1999 for acquisitions completed after December 31, 1999.

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

	BRESNAN ACQUISITIONS
Purchase price	$40.0
Closing date	January 1999
Purchase price	$27.0
Closing date	March 1999
Purchase price	$36.2
Closing date	January 2000

(d) Represents the elimination of the operating results related to the cable systems transferred to InterMedia as part of a swap of cable systems in October 1999. The agreed value of our systems transferred to InterMedia was $420.0 million. This number includes 30,000 customers served by an Indiana cable system that we did not transfer at the time of the InterMedia closing because some of the necessary regulatory approvals were still pending. This system was transferred in March 2000. No material gain or loss occurred on the disposition as these systems were recently acquired and recorded at fair value at that time. Also represents the elimination of the operating results related to the sale of a Bresnan cable system sold in January 1999.

(e) Reflects the elimination of historical revenues and expenses associated with an entity not included in the purchase by Charter.

(f) Reflects a reclassification of expenses representing corporate expenses that would have occurred at Charter Investment, Inc. totaling $57.4 million. The remaining adjustment primarily relates to the elimination of severance payments of $44.2 million and the write-off of debt issuance costs of $7.4 million that were included in operating, general and administrative expense.

(g) Represents additional depreciation and amortization as a result of our acquisitions completed in 1999 and 2000. A large portion of the purchase price was allocated to franchises ($12.6 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	DEPRECIATION/ AMORTIZATION
Franchises	$12,583.4	15	$ 681.8
Cable distribution systems	1,754.9	8	180.1
Land, buildings and improvements	54.7	10	4.2
Vehicles and equipment	90.4	3	21.5
Total depreciation and amortization			887.6
Less -- historical depreciation and amortization			(550.3)
Adjustment			$ 337.3

(h) Reflects the elimination of approximately $46.4 million of change in control payments under the terms of Falcon's equity-based compensation plans that were triggered by the acquisition of Falcon by Charter Communications Holding Company and the elimination of approximately $1.9 million of change in control payments under the terms of a stock appreciation rights plan that were triggered by the acquisition of the Kalamazoo system by Charter Communications, Inc. These plans were terminated and the employees will participate in the option plan of Charter Communications Holding Company. As such, these costs will not recur.

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

$170.0 million of credit facilities at a composite current rate of 8.6% -- Avalon	$ 12.2
$150.0 million 9.375% senior subordinated notes -- Avalon	12.3
$196.0 million 11.875% senior discount notes -- Avalon	11.6
$850.0 million of credit facilities at a composite current rate of 8.5% -- Fanch	62.0
$1.0 billion of credit facilities at a composite current rate of 8.0% -- Falcon	71.9
$375.0 million 8.375% senior debentures -- Falcon	27.2
$435.3 million 9.285% senior discount debentures -- Falcon	26.0
$631.2 million of credit facilities at a composite current rate of 8.4% -- Bresnan	52.9
$170.0 million 8.0% senior notes -- Bresnan	13.6
$275.0 million 9.25% senior discount notes -- Bresnan	17.7
Interest expense on additional borrowings used to finance acquisitions at a composite current rate of 8.8%	180.3
Total pro forma interest expense	487.7
Less -- historical interest expense from acquired companies	(314.3)
Adjustment	$ 173.4

An increase in the interest rate of 0.125% on all variable rate debt would result in an increase in interest expense of $8.7 million.

(j) Represents interest income on a historical related party receivable, that was retained by the seller.

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

(l) Represents an adjustment to eliminate income tax benefit as a result of expected recurring future losses and record income tax expense. The losses will not be tax benefited, and a net deferred tax asset will not be recorded. Income tax expense represents taxes assessed by certain state jurisdictions for certain indirect subsidiaries.

(m) Represents the allocation of losses to minority interest in loss of subsidiary based on ownership of Charter Communications Holding Company and the 2% accretion of the preferred membership units of an indirect subsidiary of Charter Holdings issued to certain Bresnan sellers.

NOTE C: Represents an increase in interest expense related to borrowings under the Charter Holdings senior bridge loan facility and the application of a portion of such borrowings to repay a portion of the Charter Operating revolving credit facility (dollars in millions).

$1.0 billion of Charter Holdings senior bridge loan at a weighted average rate of 14.52%..........................	$145.2
Amortization of debt issuance costs associated with the Charter Holdings senior bridge loan......................	2.5
Less -- historical interest expense on $957.0 million Charter Operating credit facilities at a composite rate of 8.6%.......................................	(82.6)
	$ 65.1

Also represents an adjustment to minority interest in loss of subsidiary to reflect the allocation of 59.2% of the pro forma loss to minority interest.

NOTE D: From November 12, 1999, the date of the initial public offering of Charter Communications, Inc., Charter Investment, Inc. provided management services to subsidiaries of Charter Operating. From and after the initial public offering of Charter Communications Inc., such management services were provided by Charter Communications, Inc. See "Certain Relationships and Related Transactions."

NOTE E: Represents the allocation of losses to the minority interest in loss of subsidiary based on ownership of Charter Communications Holding Company and the 2% accretion of the preferred membership units in an indirect subsidiary of Charter Holdings issued to certain Bresnan sellers. These membership units are exchangeable on a one-for-one basis for shares of Class A common stock of Charter Communications, Inc.

NOTE F: Basic and diluted loss per common share assumes none of the membership units of Charter Communications Holding Company or preferred membership units in an indirect subsidiary of Charter Holdings held by certain Bresnan sellers as of June 30, 2000, are exchanged for Charter Communications, Inc. Class A 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. Class A common stock are exercised. Basic and diluted loss per common share equals net loss divided by weighted average common shares outstanding. If the membership units were exchanged or options exercised, the effects would be antidilutive.

	FOR THE YEAR ENDED DECEMBER 31, 1999
Converted loss per common share...........................	$ (2.60)
Weighted average common shares outstanding -- converted....	596,575,345

Converted loss per common share assumes all common membership unit of Charter Communications Holding Company and preferred membership units in an indirect subsidiary of Charter Holdings held by certain Bresnan sellers as of June 30, 2000, are exchanged for Charter Communications, Inc. Class A common stock, if all these shares are converted, minority interest would equal zero. Converted loss per common share is calculated by dividing loss before minority interest by the weighted average common shares outstanding -- converted. Weighted average common shares outstanding -- converted assumes the total common membership units in Charter Communications

Holding Company totaling 339,096,474 and 24,215,749 preferred membership units in an indirect subsidiary of Charter Holdings held by certain Bresnan sellers are exchanged for Charter Communications, Inc. Class A common stock.

NOTE G: Represents all shares issued in connection with initial public offering (195,550,000 shares) plus shares issued to the Rifkin and Falcon sellers through June 30, 2000 (26,539,746 shares) and shares issued to sellers in the Kalamazoo transaction (11,173,376 shares).

NOTE H: EBITDA represents earnings (loss) before extraordinary item interest, income taxes, depreciation and amortization, and minority interest. EBITDA is presented because it is a widely accepted financial indicator of a cable 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 option compensation expense, corporate expense charges, management fees and other expenses. 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 twelve divided by the number of basic customers at December 31, 1999.

UNAUDITED PRO FORMA BALANCE SHEET
AS OF JUNE 30, 2000

	CHARTER COMMUNICATIONS, INC.	KALAMAZOO TRANSACTION (NOTE A)	BRIDGE LOAN (NOTE B)	TOTAL
	(DOLLARS IN THOUSANDS)			
ASSETS				
Cash and cash equivalents	$ 74,021	$ 1	$22,463	$ 96,485
Accounts receivable, net	122,869	260	--	123,129
Prepaid expenses and other	38,838	135	--	38,973
Total current assets	235,728	396	22,463	258,587
Property, plant and equipment	4,233,878	27,270	--	4,261,148
Franchises	17,338,243	143,180	--	17,481,423
Other assets	217,308	--	15,000	232,308
Total assets	$22,025,157	$170,846	$37,463	$22,233,466
Accounts payable and accrued expenses	$ 1,017,330	$ 3,696	$(5,537)	$ 1,015,489
Payables to manager of cable systems -- related parties	2,751	--	--	2,751
Total current liabilities	1,020,081	3,696	(5,537)	1,018,240
Long-term debt	11,605,328	--	43,000	11,648,328
Deferred management fees -- related parties	13,751	--	--	13,751
Other long-term liabilities	147,370	--	--	147,370
Redeemable securities (Note C)	1,846,176	--	--	1,846,176
Minority interest	4,689,263	(2,076)	--	4,687,187
Shareholders' equity	2,703,188	169,226	--	2,872,414
Total liabilities and shareholders' equity	$22,025,157	$170,846	$37,463	$22,233,466

NOTES TO THE UNAUDITED PRO FORMA BALANCE SHEET

NOTE A: The pro forma balance sheet for the Kalamazoo transaction that closed in September 2000 consists of the following (dollars in thousands):

	AS OF JUNE 30, 2000		
		PRO FORMA	
	HISTORICAL	ADJUSTMENTS	TOTAL
Cash and cash equivalents	$ 1	$ --	$ 1
Accounts receivable, net	260	--	260
Receivable from related party	54,974	(54,974)(a)	--
Prepaid expenses and other	135	--	135
Total current assets	55,370	(54,974)	396
Property, plant and equipment	27,270	--	27,270
Franchises	--	143,180(b)	143,180
Other assets	657	(657)(c)	--
Total assets	$83,297	$ 87,549	$170,846
Accounts payable and accrued expenses	$ 3,696	$ --	$ 3,696
Minority interest	--	(2,076)(d)	(2,076)
Equity	79,601	89,625(e)	169,226
Total liabilities and equity	$83,297	$ 87,549	$170,846

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(a) Reflects assets retained by the seller.

(b) Substantial amounts of the purchase price have been allocated to franchises based on estimated fair values. The allocation of the purchase price is as follows (dollars in thousands):

	KALAMAZOO
Working capital	$ (3,300)
Property, plant and equipment	27,270
Franchises	143,180
	$167,150

The Kalamazoo transaction was financed through the issuance of 11,173,376 shares of Class A common stock in Charter Communications, Inc. to the Kalamazoo sellers. After the merger, Charter Communications, Inc. contributed 100% of the equity interests of the direct owner of the Kalamazoo system to Charter Communications Holding Company in exchange for membership units.

(c) Represents the elimination of the unamortized historical cost of goodwill.

(d) Adjusts minority interest to reflect the gain of $2.1 million related to the issuance of equity by Charter Communications Holding Company (See (e) below).

(e) Represents the elimination of the historical equity of $79.6 million related to the Kalamazoo system, the issuance of $167.1 million of Class A common stock in Charter Communications, Inc. and the gain of $2.1 million related to the issuance of equity by Charter Communications Holding Company.

NOTE B: Represents additional long-term debt of $1.0 billion resulting from borrowings under the Charter Holdings senior bridge loan facility, the application of a portion of such borrowings to repay a portion of the Charter Operating revolving credit facility and related accrued interest, the addition to other assets of the estimated expenses paid in connection with the new borrowings which were capitalized and will be amortized over ten years and the application of remaining proceeds to cash.

NOTE C: The Rifkin, Falcon, Helicon and Bresnan sellers who own equity interests in Charter Communications, Inc. and certain subsidiaries may have rescission rights arising out of possible violations of Section 5 of the Securities Act of 1933, as amended, in connection with the offers and sales of those equity interests. Accordingly, the maximum cash obligation related to the possible rescission rights, estimated at $1.8 billion, has been excluded from shareholders' equity and minority interest, and classified as redeemable securities. One year after the date of issuance of these equity interests (when these possible rescission rights will have expired), we will reclassify the respective amounts to shareholders' equity and minority interest. See "Certain Trends and Uncertainties -- Possible Rescission Liability."

SELECTED HISTORICAL FINANCIAL DATA

On July 22, 1999, Charter Investment, Inc., a company controlled by Mr. Allen, formed Charter Communications, Inc. with a nominal initial investment. On November 12, 1999, Charter Communications, Inc. sold 195.5 million shares of Class A common stock in an initial public offering and 50,000 shares of high vote Class B common stock to Mr. Allen. The net proceeds from these sales were used to purchase membership units of Charter Communications Holding Company, representing an approximate 40.6% economic interest and a 100% voting interest, before giving effect to the Bresnan acquisition that occurred on February 14, 2000.

Charter Communications, Inc.'s purchase of 50,000 membership units of Charter Communications Holding Company was accounted for as a reorganization of entities under common control similar to a pooling of interests. Accordingly, beginning December 23, 1998, the date Mr. Allen first controlled Charter Communications Holding Company, the assets and liabilities of Charter Communications Holding Company are reflected in the consolidated financial statements of Charter Communications, Inc. at Mr. Allen's basis. Minority interest is recorded representing that portion of the economic interests in Charter Communications Holding Company not owned by Charter Communications, Inc.

Consolidated financial statements of Charter Communications, Inc. do not exist for periods prior to December 23, 1998. Instead, for the periods from October 1, 1995 through December 23, 1998, the consolidated financial statements of Charter Communications Properties Holdings, LLC (CCPH), a wholly owned subsidiary of Charter Investment, Inc. and predecessor to Charter Communications, Inc., are presented. CCPH commenced operations with the acquisition of a cable system on September 30, 1995.

The selected historical financial data for the period from January 1, 1995 through September 30, 1995 are derived from unaudited financial statements of CCPH's predecessor business and are not included elsewhere in this prospectus. The selected historical financial data below for the period from October 1, 1995 through December 31, 1995, for the years ended December 31, 1996 and 1997, and for the period from January 1, 1998 through December 23, 1998, are derived from the consolidated financial statements of CCPH, which have been audited by Arthur Andersen LLP, independent public accountants, and are included herein. The selected historical financial data for the period from December 24, 1998 through December 31, 1998 and the year ended December 31, 1999 are derived from the consolidated financial statements of Charter Communications, Inc., which have been audited by Arthur Andersen LLP and are included herein. The selected historical financial data for the period from January 1, 2000 through June 30, 2000 are derived from the consolidated financial statements of Charter Communications, Inc. 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 and related notes included elsewhere in this prospectus.

SELECTED HISTORICAL FINANCIAL DATA

	PREDECESSOR OF CHARTER COMMUNICATIONS PROPERTIES HOLDINGS	CHARTER COMMUNICATIONS PROPERTIES HOLDINGS				CHARTER COMMUNICATIONS, INC.		
	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	YEAR ENDED DECEMBER 31, 1999	SIX MONTHS ENDED JUNE 30, 2000
	(DOLLARS IN THOUSANDS)							
STATEMENT OF OPERATIONS:								
Revenues................	$ 5,324	$ 1,788	$14,881	$18,867	$ 49,731	$ 13,713	$ 1,428,244	$ 1,516,384
Operating expenses:								
Operating, general and administrative......	2,581	931	8,123	11,767	25,952	7,134	737,957	778,313
Depreciation and amortization........	2,137	648	4,593	6,103	16,864	8,318	745,315	1,149,787
Option compensation expense.............	--	--	--	--	--	845	79,979	26,089
Management fees/ corporate expense charges.............	224	54	446	566	6,176	473	51,428	27,515
Total operating expenses..........	4,942	1,633	13,162	18,436	48,992	16,770	1,614,679	1,981,704
Income (loss) from operations............	382	155	1,719	431	739	(3,057)	(186,435)	(465,320)
Interest expense........	--	(691)	(4,415)	(5,120)	(17,277)	(2,353)	(477,799)	(482,042)
Interest income.........	--	5	20	41	44	133	34,467	6,110
Other income (expense).............	38	--	(47)	25	(728)	--	(8,039)	(2,504)
Income (loss) before income taxes and minority interest in loss of subsidiary and extraordinary item....	420	(531)	(2,723)	(4,623)	(17,222)	(5,277)	(637,806)	(943,756)
Income tax expense......	--	--	--	--	--	--	1,030	--
Income (loss) before minority interest.....	420	(531)	(2,723)	(4,623)	(17,222)	(5,277)	(638,836)	(943,756)
Minority interest in loss of subsidiary....	--	--	--	--	--	5,275	572,607	566,221
Net income (loss).......	$ 420	$ (531)	$(2,723)	$(4,623)	$(17,222)	$ (2)	$ (66,229)	$ (377,535)
Loss per common share, basic and diluted.....	N/A	N/A	N/A	N/A	N/A	$ (0.04)	$ (2.22)	$ (1.70)
Weighted-average common shares outstanding....	N/A	N/A	N/A	N/A	N/A	50,000	29,811,202	222,003,415
BALANCE SHEET DATA (AT END OF PERIOD):								
Total assets............	$26,342	$31,572	$67,994	$55,811	$281,969	$4,335,527	$18,966,507	$ 22,025,157
Total debt..............	10,480	28,847	59,222	41,500	274,698	2,002,206	8,936,455	11,605,328
Minority interest.......	--	--	--	--	--	2,146,549	5,381,331	4,689,263
Redeemable securities...	--	--	--	--	--	--	750,937	1,846,176
Member's equity (deficit)/ Shareholders' equity...............	15,311	971	2,648	(1,975)	(8,397)	830	3,011,079	2,703,188

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. In addition, the following discussion should be read in conjunction with the accompanying unaudited consolidated financial statements as of and for the three and six month periods ended June 30, 2000 and 1999, and the audited consolidated financial statements of Charter Communications, Inc. as of December 31, 1999 and 1998 and for the year ended December 31, 1999 and for the period from December 24, 1998 through December 31, 1998 and the audited consolidated financial statements of Charter Communications Property Holdings, LLC (CCPH) for the period from January 1, 1998 through December 23, 1998 and for the year ended December 31, 1997.

INTRODUCTION

We do not believe that our historical financial condition and results of operations are accurate indicators of future results because of certain past significant events, including:

(1) the acquisition by Mr. Allen of CCA Group, CCPH 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 acquisitions by Charter Communications Holding Company and its direct and indirect subsidiaries completed since January 1, 1999;

(4) the refinancing or replacement of the previous credit facilities of the Charter companies and certain of our subsidiaries acquired in 1999 and 2000;

(5) the purchase of publicly held notes that had been issued by several of the direct and indirect subsidiaries of Charter Holdings; and

(6) the allocation of losses to minority interest.

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

(1) the operations 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 acquisitions by Charter Communications Holding Company and its direct and indirect subsidiaries;

(4) our formation; and

(5) our initial public offering of Class A common stock.

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 effective 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 and in which Charter Investment had an ownership interest. The fourth group was comprised of companies that were subsidiaries of Marcus Holdings which Charter Investment began managing in October 1998.

The following is an explanation of how:

(1) CCPH, the operating companies that formerly comprised CCA Group and 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;

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

(5) we became the sole voting member and the sole manager of Charter Communications Holding Company.

THE CHARTER COMPANIES

Prior to Charter Investment 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, pursuant to which Charter Investment provided management and consulting services. Prior to the acquisition by Mr. Allen, the Charter companies were as follows:

(1) CCPH

CCPH was a wholly owned subsidiary of Charter Investment. The primary subsidiary of CCPH, which owned the cable systems, was Charter Communications Properties, LLC. On May 20, 1998, CCPH acquired certain cable systems from Sonic Communications, Inc. for a total purchase price, net of cash acquired, of $228.4 million, including $60.9 million of assumed debt. In connection with Mr. Allen's acquisition on December 23, 1998, CCPH was merged out of existence, and Charter Communications Properties became a direct, wholly owned subsidiary of Charter Investment.

(2) CCA Group

The controlling interests in CCA Group were held by affiliates of Kelso & Co., and Charter Investment had only a minority interest. Effective December 23, 1998, prior to Mr. Allen's acquisition, Charter Investment acquired from the Kelso affiliates the interests the Kelso affiliates held in CCA Group. Consequently, the companies comprising CCA Group became wholly owned subsidiaries of Charter Investment.

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.

(3) CharterComm Holdings, LLC

The controlling interests in CharterComm Holdings were held by affiliates of Charterhouse Group International Inc., and Charter Investment had only a minority interest. Effective December 23, 1998, prior to Mr. Allen's acquisition, Charter Investment acquired from the

Charterhouse Group affiliates the interests the Charterhouse Group affiliates held in CharterComm Holdings. Consequently, CharterComm Holdings became a wholly owned subsidiary of Charter Investment.

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.

The acquisition of Charter Investment 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 for an aggregate purchase price of $2.2 billion, excluding $2.0 billion in assumed debt. CCPH and the operating companies that formerly comprised CCA Group and CharterComm Holdings were contributed to Charter Operating subsequent to Mr. Allen's acquisition. CCPH is deemed to be our predecessor. Consequently, the contribution of CCPH was accounted for as a reorganization under common control. The contributions of the operating companies that formerly comprised CCA Group and CharterComm Holdings were accounted for in accordance with purchase accounting. Accordingly, our results of operations for periods after December 23, 1998 include the accounts of CCPH, CCA Group and CharterComm Holdings.

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

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

In July 1999, Charter Communications, Inc. was formed as a wholly owned subsidiary of Charter Investment.

In November 1999, Charter Communications, Inc. conducted its initial public offering. In our initial public offering, substantially all of our equity interests were sold to the public, and less than 1% of our equity interests were sold to Mr. Allen. We contributed substantially all of the proceeds of our initial public offering to Charter Communications Holding Company, which issued membership units to us. In November 1999, the management agreement between Charter Investment and Charter Operating was amended and assigned from Charter Investment to us. Also in November 1999, Charter Communications Holding Company sold membership units to Vulcan Cable III.

THE 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, pursuant to which Charter Investment provided management and consulting services to Marcus Cable and its subsidiaries which own cable systems. This agreement placed the Marcus cable systems under common management with the cable systems of the Charter companies acquired by Mr. Allen in December 1998.

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

ACQUISITIONS

In 1999, we completed eleven acquisitions of cable systems for an aggregate purchase price of $10.9 billion, including assumed debt of $2.3 billion.

On February 14, 2000, Charter Communications Holding Company and Charter Holdings completed the acquisition of Bresnan. The Bresnan cable systems acquired are located primarily in Michigan, Minnesota, Wisconsin and Nebraska. Prior to the acquisition, Charter Communications Holding Company assigned a portion of its rights to purchase Bresnan to Charter Holdings. Charter Communications Holding Company and Charter Holdings purchased 52% of Bresnan from certain sellers for cash, and certain sellers contributed 18% of Bresnan to Charter Communications Holding Company for 14.8 million Class C common membership units of Charter Communications Holding Company, a 2.6% equity interest in Charter Communications Holding Company. Charter Communications Holding Company then transferred its ownership interest in Bresnan to Charter Holdings. Thereafter, Charter Holdings and certain other sellers contributed all of the outstanding interests in Bresnan to CC VIII, LLC (CC VIII), a subsidiary of Charter Holdings, and Bresnan was dissolved. In exchange for the contribution of their interests in Bresnan, the other sellers received 24.2 million Class A preferred membership units in CC VIII, representing 30% of the equity of CC VIII, and are entitled to a 2% annual return on their preferred membership units. The purchase price for Bresnan was $3.1 billion, subject to adjustment, and was comprised of $1.1 billion in cash, $384.6 million in equity in Charter Communications Holding Company, $629.5 million in equity of CC VIII, and approximately $963.3 million in assumed debt. All of the membership units received by the sellers are exchangeable on a one-for-one basis for our Class A common stock.

In September 2000, the merger of Cablevision of Michigan, Inc., the owner of a cable system in Kalamazoo, Michigan, with and into us was completed. The merger consideration was paid in 11,173,376 shares of our Class A common stock valued at approximately $170.6 million. After the merger, we contributed 100% of the equity interests of the direct owner of the Kalamazoo system to Charter Communications Holding Company in exchange for membership units. The Kalamazoo cable system had revenues of approximately $20.3 million for the year ended December 31, 1999.

In addition, we have closed three smaller acquisitions in 2000. A summary of information regarding acquisitions closed in 2000 is as follows:

	ACQUISITION DATE	PURCHASE PRICE (INCLUDING ASSUMED DEBT) (IN MILLIONS)	AS OF AND FOR THE SIX MONTHS ENDED JUNE 30, 2000	
			CUSTOMERS	REVENUES (IN THOUSANDS)
Interlake Cablevision Enterprises	2/00	$ 13	5,800	$ 896
Bresnan	2/00	3,100	686,100	156,116
Capital Cable	4/00	60	23,900	5,092
Farmington	4/00	15	5,600	1,014
Kalamazoo	9/00	173	48,900	10,231
Total		$3,361	770,300	$173,349

Acquisitions in 1999 and 2000 were funded through excess cash from the issuance by Charter Holdings of the March 1999 Charter Holdings notes and the January 2000 Charter Holdings notes, borrowings under our credit facilities, the assumption of the outstanding Renaissance, Helicon, Rifkin, Avalon, Falcon and Bresnan notes and debentures, equity issued to specified sellers in the Helicon, Rifkin, Falcon and Bresnan acquisitions, the net proceeds of our Class A common stock initial public offering and equity contributions to Charter Communications Holding Company by Mr. Allen through Vulcan Cable III.

OVERVIEW OF OPERATIONS

Approximately 88% and 87% of our historical revenues for the six months ended June 30, 2000, and for the year ended December 31, 1999, respectively, are attributable to monthly subscription fees charged to customers for our basic, expanded basic and premium cable programming services, equipment rental and ancillary services provided by our cable 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, customer growth from acquisitions and revenues from new services and products. These new services and products are expected to significantly contribute to our future revenues provided that the necessary equipment is available from our vendors. One of these services is digital cable, which provides customers with additional programming options. We are also offering high-speed Internet access to the World Wide Web through cable modems. In addition, we are launching video on demand service in certain systems. Our television-based Internet access allows us to offer users TV-based e-mail and other Internet access. Finally, we continue to work together with several equipment vendors in a field trial of telephony.

Our expenses primarily consist of operating costs, general and administrative expenses, depreciation and amortization expense, interest 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 accounted for approximately 45% and 44% of our operating, general and administrative expenses for the six months ended June 30, 2000 and for the year ended December 31, 1999, respectively. Programming costs have increased in recent years and are expected to continue to increase due to additional programming being provided to customers and increased cost to produce or purchase cable programming due to inflation and other factors affecting the cable television industry. As we continue to upgrade and rebuild our cable systems, additional channel capacity will be available, resulting in increased programming costs. In each year we have operated, our costs to acquire programming have exceeded customary inflationary increases. Significant factors with respect to increased programming costs are 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 provided members with volume discounts from programming networks. This industry cooperative no longer exists. However, we believe our increased size gives us substantially equivalent buying power. Also, we have been able to negotiate favorable terms with premium networks in conjunction with the premium packages we offer, 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 (both increase with the closing of acquisitions). Corporate expense charges are fees paid or charges for management services. Pursuant to a mutual services agreement between Charter Communications, Inc. and Charter Investment, each entity provides services to the other in order to manage Charter Communications Holding Company and to manage and operate the cable systems owned by its subsidiaries. We record actual expenses incurred by Charter Investment on our behalf. All expenses and costs incurred by Charter Investment with respect to the services provided are paid by us. Our credit facilities limit the amount of such reimbursements.

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 and 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, Inc., comprised of the Charter companies and the following for the six months ended June 30, 1999:

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

- Renaissance Media Group LLC for the period from April 30, 1999, the acquisition date, through June 30, 1999; and

- American Cable Entertainment, LLC for the period from May 7, 1999, the acquisition date, through June 30, 1999.

(2) Charter Communications, Inc., comprised of the Charter companies, all acquisitions closed during 1999 and the following for the six months ended June 30, 2000:

- Cable system of Interlake from February 1, 2000, the acquisition date, through June 30, 2000;

- Bresnan from February 14, 2000, the acquisition date, through June 30, 2000;

- Cable system of Farmington from April 1, 2000, the acquisition date, through June 30, 2000; and

- Cable system of Capital Cable from April 1, 2000, the acquisition date, through June 30, 2000.

The following table sets forth the percentages of revenues that items in the statements of operations constitute for the indicated periods (dollars in thousands, except per share data):

	SIX MONTHS ENDED JUNE 30, 1999		SIX MONTHS ENDED JUNE 30, 2000	
STATEMENTS OF OPERATIONS:				
Revenues	$ 468,993	100.0%	$1,516,384	100.0%
Operating expenses:				
Operating costs	160,285	34.2%	518,804	34.2%
General and administrative costs	81,056	17.3%	259,509	17.1%
Depreciation and amortization	249,952	53.3%	1,149,787	75.9%
Option compensation expense	38,194	8.1%	26,089	1.7%
Corporate expense charges	11,073	2.4%	27,515	1.8%
Total operating expenses	540,560	115.3%	1,981,704	130.7%
Loss from operations	(71,567)	(15.3%)	(465,320)	(30.7%)
Interest expense	(157,669)	(33.6%)	(482,042)	(31.8%)
Interest income	10,085	2.2%	6,110	0.4%
Other income (expense)	(4,954)	(1.1%)	(2,504)	(0.1)
Loss before minority interest	(224,105)	(47.8%)	(943,756)	(62.2%)
Minority interest in loss of subsidiary	224,015	47.8%	566,221	37.3%
Net loss	$ (90)	--	$ (377,535)	(24.9%)
Loss per common share, basic and diluted	$ (1.80)		$ (1.70)	

SIX MONTHS ENDED JUNE 30, 2000 COMPARED TO THE SIX MONTHS ENDED JUNE 30, 1999

Since January 1, 1999, Charter Communications Holding Company and Charter Holdings have closed numerous acquisitions. In addition, Charter Holdings merged with Marcus Holdings in April 1999. As of June 30, 2000, our cable systems served approximately 400% more customers than we served as of December 31, 1998. Thus, amounts for the six months ended June 30, 2000, are not comparable to those for the six months ended June 30, 1999.

REVENUES. Revenues increased by $1,047.4 million, from $469.0 million for the six months ended June 30, 1999, to $1,516.4 million for the six months ended June 30, 2000. The increase in revenues primarily resulted from acquisitions.

OPERATING COSTS. Operating costs increased by $358.5 million, from $160.3 million for the six months ended June 30, 1999, to $518.8 million for the six months ended June 30, 2000. This increase was due primarily to acquisitions.

GENERAL AND ADMINISTRATIVE COSTS. General and administrative costs increased by $178.5 million, from $81.1 million for the six months ended June 30, 1999, to $259.5 million for the six months ended June 30, 2000. This increase was due primarily to acquisitions.

DEPRECIATION AND AMORTIZATION. Depreciation and amortization expense increased by $899.8 million, from $250.0 million for the six months ended June 30, 1999, to $1,149.8 million for the six months ended June 30, 2000. This increase was due primarily to acquisitions and franchises acquired. In addition, capital expenditures for system upgrades have increased, resulting in greater property, plant and equipment balances and a corresponding increase in depreciation expense.

OPTION COMPENSATION EXPENSE. Option compensation expense decreased by $12.1 million, from $38.2 million for the six months ended June 30, 1999, to $26.1 million for the six months ended

June 30, 2000. This expense results from granting options to employees prior to Charter's initial public offering at exercise prices less than the estimated fair values of the underlying membership units at time of grant, resulting in compensation expense being accrued over the vesting period of each grant.

CORPORATE EXPENSE CHARGES. Corporate expense charges increased by $16.4 million, from $11.1 million for the six months ended June 30, 1999, to $27.5 million for the six months ended June 30, 2000. The increase was primarily the result of increased costs incurred by the manager due to our growth from acquisitions.

INTEREST EXPENSE. Interest expense increased by $324.4 million, from $157.7 million for the six months ended June 30, 1999, to $482.0 million for the six months ended June 30, 2000. This increase resulted primarily from interest on debt used to finance acquisitions.

INTEREST INCOME. Interest income decreased by $4.0 million, from $10.1 million for the six months ended June 30, 1999, to $6.1 million for the six months ended June 30, 2000. This decrease is attributed to the fact that we had more excess cash for investment in 1999 (resulting from required credit facilities drawdowns and the issuance and sale of the March 1999 Charter Holdings notes) as compared to the amount available in 2000 (resulting from the issuance and sale of the January 2000 Charter Holdings notes prior to completing the change of control offers described in this prospectus).

OTHER INCOME (EXPENSE). Other expense decreased by $2.5 million from $5.0 million for the six months ended June 30, 1999, to $2.5 million for the six months ended June 30, 2000. In March 1999, we extinguished all then-existing long-term debt, excluding borrowings under our then-existing credit facilities, and refinanced substantially all then-existing credit facilities at various subsidiaries with a new credit facility. The excess of the amount paid over the carrying value, net of deferred financing costs, of the then-existing long-term debt was recorded in other income (expense). The expense in 1999 was partially offset by a gain on the sale of aircraft.

MINORITY INTEREST. Minority interest was $224.0 million for the six months ended June 30, 1999, and $566.2 million for the six months ended June 30, 2000. The minority interest represents the ownership in Charter Communications Holding Company by entities other than Charter Communications, Inc. For financial reporting purposes, 50,000 of the membership units Charter Communications Holding Company previously issued to companies controlled by Mr. Allen are considered held by Charter Communications, Inc. since December 24, 1998.

NET LOSS. Net loss increased by $377.4 million for the six months ended June 30, 2000 compared to the six months ended June 30, 1999. The increase in revenues that resulted from acquisitions was not sufficient to offset the increased expenses (including depreciation and amortization) associated with the acquired systems.

LOSS PER COMMON SHARE. The loss per common share decreased by $0.10, from $1.80 per common share for the six months ended June 30, 1999, to $1.70 per common share for the six months ended June 30, 2000.

The following discusses the results of operations for:

(1) CCPH, for the year ended December 31, 1997, and for the period from January 1, 1998 through December 23, 1998;

(2) Charter Communications, Inc., comprised of the Charter companies for the period from December 24, 1998 through December 31, 1998; and

(3) Charter Communications, Inc., comprised of the following for the year ended December 31, 1999:

- the Charter Companies for the entire period;

- Marcus Holdings for the period from March 31, 1999, the date Mr. Allen acquired voting control, through December 31, 1999;

- Renaissance Media Group LLC for the period from April 30, 1999, the acquisition date, through December 31, 1999;

- American Cable Entertainment, LLC for the period from May 7, 1999, the acquisition date, through December 31, 1999;

- Cable systems of Greater Media Cablevision, Inc. for the period from June 30, 1999, the acquisition date, through December 31, 1999;

- Helicon Partners I, L.P. and affiliates for the period from July 30, 1999, the acquisition date, through December 31, 1999;

- Vista Broadband Communications, L.L.C. for the period from July 30, 1999, the acquisition date, through December 31, 1999;

- Cable system of Cable Satellite of South Miami, Inc. for the period from August 4, 1999, the acquisition date, through December 31, 1999;

- Rifkin Acquisition Partners, L.L.L.P. and InterLink Communications Partners, LLLP for the period from September 13, 1999, the acquisition date, through December 31, 1999;

- Cable systems of InterMedia Capital Partners IV, L.P., InterMedia Partners and affiliates for the period from October 1, 1999, the "swap" transaction date, through December 31, 1999;

- Cable systems of Fanch Cablevision L.P. and affiliates from November 12, 1999, the acquisition date, through December 31, 1999;

- Falcon Communications, L.P. for the period from November 12, 1999, the acquisition date, through December 31, 1999; and

- Avalon Cable of Michigan Holdings, Inc. from November 15, 1999, the acquisition date, through December 31, 1999.

The following table sets forth the percentages of revenues that items in the statements of operations constitute for the indicated periods (dollars in thousands, except per share data):

	CHARTER COMMUNICATIONS PROPERTIES HOLDINGS				CHARTER COMMUNICATIONS, INC.			
	YEAR ENDED DECEMBER 31, 1997		1/1/98 THROUGH 12/23/98		12/24/98 THROUGH 12/31/98		YEAR ENDED DECEMBER 31, 1999	
STATEMENTS OF OPERATIONS:								
Revenues	$18,867	100.0%	$ 49,731	100.0%	$13,713	100.0%	$1,428,244	100.0%
Operating expenses:								
Operating costs	9,157	48.5%	18,751	37.7%	4,757	34.7%	500,477	35.1%
General and administrative costs	2,610	13.8%	7,201	14.5%	2,377	17.3%	237,480	16.6%
Depreciation and amortization	6,103	32.4%	16,864	33.9%	8,318	60.7%	745,315	52.2%
Option compensation expense	--	--	--	--	845	6.2%	79,979	5.6%
Management fees/corporate expense charges	566	3.0%	6,176	12.4%	473	3.4%	51,428	3.6%
Total operating expenses	18,436	97.7%	48,992	98.5%	16,770	122.3%	1,614,679	113.1%
Income (loss) from operations	431	2.3%	739	1.5%	(3,057)	(22.3%)	(186,435)	(13.1%)
Interest expense	(5,120)	(27.1%)	(17,277)	(34.7%)	(2,353)	(17.2%)	(477,799)	(33.4%)
Interest income	41	0.2%	44	0.1%	133	1.0%	34,467	2.4%
Other income (expense)	25	0.1%	(728)	(1.5%)	--	--	(8,039)	(0.6%)
Loss before income taxes and minority interest	(4,623)	(24.5%)	(17,222)	(34.6%)	(5,277)	(38.5%)	(637,806)	(44.7%)
Income tax expense	--	--	--	--	--	--	(1,030)	--
Minority interest in loss of subsidiary	--	--	--	--	5,275	38.5%	572,607	40.1%
Net loss	$(4,623)	(24.5%)	$(17,222)	(34.6%)	$ (2)	--	$ (66,229)	(4.6%)
Loss per common share, basic and diluted					$ (0.04)		$ (2.22)	

1999 COMPARED TO PERIOD FROM JANUARY 1, 1998 THROUGH DECEMBER 23, 1998

REVENUES. Revenues increased by $1,378.5 million, from $49.7 million for the period from January 1, 1998 through December 23, 1998 to $1,428.2 million in 1999. The increase in revenues primarily resulted from the acquisitions of CCA Group and CharterComm Holdings, Marcus Holdings and 1999 acquisitions. Additional revenues from these entities included for the year ended December 31, 1999 were $618.8 million, $386.7 million and $350.1 million, respectively.

OPERATING, GENERAL AND ADMINISTRATIVE COSTS. Operating, general and administrative costs increased by $712.0 million, from $26.0 million for the period from January 1, 1998 through December 23, 1998 to $738.0 million in 1999. This increase was due primarily to the acquisitions of CCA Group and CharterComm Holdings, Marcus Holdings and 1999 acquisitions. Additional operating, general and administrative expenses from these entities included for the year ended December 31, 1999 were $338.5 million, $209.3 million and $158.8 million, respectively.

DEPRECIATION AND AMORTIZATION. Depreciation and amortization expense increased by $728.5 million, from $16.9 million for the period from January 1, 1998 through December 23, 1998 to $745.3 million in 1999. There was a significant increase in amortization expense resulting from the acquisitions of CCA Group and CharterComm Holdings, Marcus Holdings and 1999 acquisitions. Additional depreciation and amortization expense from these entities included for the year ended December 31, 1999 was $346.3 million, $203.5 million and $195.1 million, respectively. The increases were offset by the elimination of depreciation and amortization expense related to dispositions of cable systems.

OPTION COMPENSATION EXPENSE. Option compensation expense in 1999 was $80.0 million due to the granting of options to employees in December 1998, February 1999 and April 1999. The exercise prices of the options on the date of grant were deemed to be less than the estimated fair values of the underlying membership units, 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 $45.3 million, from $6.2 million for the period from January 1, 1998 through December 23, 1998 to $51.4 million in 1999. The increase was the result of the acquisitions of CCA Group and CharterComm Holdings, Marcus Holdings and 1999 acquisitions.

INTEREST EXPENSE. Interest expense increased by $460.5 million, from $17.3 million for the period from January 1, 1998 through December 23, 1998 to $477.8 million in 1999. This increase resulted primarily from interest on the notes and credit facilities used to finance the acquisitions of CCA Group and CharterComm Holdings, Marcus Holdings and 1999 acquisitions.

INTEREST INCOME. Interest income increased by $34.4 million, from $44,000 for the period from January 1, 1998 through December 23, 1998 to $34.5 million in 1999. The increase was primarily due to investing excess cash that resulted from required credit facilities drawdowns and the sale of the March 1999 Charter Holdings notes.

MINORITY INTEREST. Minority interest was $5.3 million for the period from December 24, 1998 through December 31, 1998 and $572.6 million for the year ended December 31, 1999. The minority interest represents the ownership in Charter Communications Holding Company by entities other than us. For financial reporting purposes, 50,000 membership units in Charter Communications Holding Company previously issued to companies controlled by Mr. Allen are considered held by us since December 24, 1998.

NET LOSS. Net loss increased by $49.0 million, from $17.2 million for the period from January 1, 1998 through December 23, 1998 to $66.2 million in 1999. The increase in revenues that resulted from the acquisitions of CCA Group, CharterComm Holdings and Marcus Holdings was not sufficient to offset the operating expenses associated with the acquired systems.

LOSS PER COMMON SHARE. The loss per common share increased by $2.18, from $0.04 per common share for the period from December 24, 1998 through December 31, 1998, to $2.22 in 1999.

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 CCPH, 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 $30.9 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, which had revenues for that period of $29.8 million.

OPERATING COSTS. Operating costs 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, which had operating costs for that period of $9.4 million, partially offset by the loss of $1.4 million on the sale of a cable system in 1997.

GENERAL AND ADMINISTRATIVE COSTS. General and administrative costs 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, which had general and administrative costs for that period of $6.0 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 expense related to the acquisition of Sonic was $9.9 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 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 $0.9 million in management services provided by Charter Investment 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 $60.9 million, incurred in connection with the acquisition of Sonic, resulting in 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.

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.

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 were $606.8 million for the six months ended June 30, 2000, and $479.9 million and $30.2 million for the years ended December 31, 1999 and 1998, respectively.

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.

We made capital expenditures, excluding acquisitions of cable systems, of $1.0 billion and $741.5 million for the six months ended June 30, 2000, and for the year ended December 31, 1999, respectively. The majority of these capital expenditures in 2000 relate to our accelerated rebuild and upgrade program and converters and were funded from cash flows from operations and borrowings under credit facilities.

For the period from January 1, 2000 to December 31, 2002, we plan to spend approximately $6.4 billion for capital expenditures, approximately $3.2 billion of which will be used to upgrade and rebuild our systems to a bandwidth capacity of 550 megahertz or greater and add two-way capability, so that we may offer advanced services. The remaining $3.2 billion will be used for extensions of systems, roll-out of new products and services, converters and system maintenance. Capital expenditures for 2000 are expected to be approximately $2.7 billion, and aggregate capital expenditures for 2001 and 2002 are expected to be approximately $3.7 billion. We currently expect to finance the anticipated capital expenditures with cash generated from operations and additional borrowings under credit facilities. We cannot be assured that these amounts will be sufficient to accomplish our planned system upgrades, expansion and maintenance or that we can acquire necessary plant and equipment from vendors to complete these as scheduled. If we are not able to obtain amounts sufficient for our planned upgrades and other capital expenditures, it 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. See "-- Certain Trends and Uncertainties" for further information.

FINANCING ACTIVITIES

As of June 30, 2000, our total debt was approximately $11.6 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 credit facilities and other debt instruments contain various financial and operating covenants that could adversely impact our ability to operate our business, including restrictions on the ability of our operating subsidiaries to distribute cash to their parents. See "-- Certain Trends and Uncertainties -- Restrictive Covenants," for further information.

MARCH 1999 CHARTER HOLDINGS NOTES. On March 17, 1999, Charter Holdings and Charter Communications Holdings Capital Corporation issued $3.6 billion principal amount of senior notes. The March 1999 Charter Holdings notes consisted of $600.0 million in aggregate principal amount of 8.250% senior notes due 2007, $1.5 billion in aggregate principal amount of 8.625% senior notes due 2009, and $1.475 billion in aggregate principal amount at maturity of 9.920% senior discount notes due 2011. The net proceeds of approximately $3.0 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, to refinance borrowings under our previous credit facilities, for working capital purposes and to finance a number of acquisitions.

As of June 30, 2000, a total of $2.1 billion was outstanding under the 8.250% notes and the 8.625% notes, and the accreted value of the outstanding 9.920% notes was $1.0 billion.

NOTES OF THE CHARTER COMPANIES AND THE MARCUS COMPANIES. 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 such notes, except for $1.1 million in principal amount, were repaid in full for an aggregate amount of $1.0 billion. The remaining $1.1 million of such notes was repaid in September 1999.

CHARTER OPERATING CREDIT FACILITIES. The Charter Operating credit facilities provide for two term facilities, one with a principal amount of $1.0 billion that matures in September 2007 (Term A), and the other with a principal amount of $1.85 billion that matures in March 2008 (Term B). The Charter Operating credit facilities also provide for a $1.25 billion revolving credit facility with a maturity date in September 2007 and, at the option of the lenders, supplemental credit facilities in the amount of $500.0 million available until March 18, 2002. Amounts under the Charter Operating credit facilities bear interest at the Base Rate or the Eurodollar rate, as defined, plus a margin of up to 2.75% (8.28% to 9.50% as of June 30, 2000). 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.

In March 2000, the credit facilities were amended to increase the amount of the supplemental credit facility to $1.0 billion. In connection with this amendment, $600.0 million of the supplemental credit facilities was borrowed, thereby increasing the Term B facility to $2.45 billion and the total borrowing capacity to $4.7 billion. The remaining $400.0 million of the supplemental credit facilities is subject to our ability to obtain additional commitments from the lenders. As of June 30, 2000, outstanding borrowings were approximately $4.2 billion, and the unused availability was $0.5 billion.

RENAISSANCE NOTES. When we acquired Renaissance in April 1999, Renaissance had outstanding $163.2 million principal amount at maturity of 10% senior discount notes due 2008. 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 April 15 and October 15, commencing on October 15, 2003. The Renaissance notes are due on April 15, 2008. In May 1999, $48.8 million aggregate face amount of the Renaissance notes was repurchased at 101% of the accreted value plus accrued and unpaid interest. As of June 30, 2000, the accreted value of the Renaissance notes that remain outstanding was approximately $87.2 million.

HELICON NOTES. We acquired Helicon in July 1999 and assumed Helicon's $115.0 million in principal amount of 11% senior secured notes due 2003. On November 1, 1999, we redeemed all of the Helicon notes at a purchase price equal to 103% of their principal amount, plus accrued and unpaid interest, for $124.8 million.

RIFKIN NOTES. We acquired Rifkin in September 1999 and assumed Rifkin's outstanding $125.0 million in principal amount of 11.125% senior subordinated notes due 2006. In October 1999, we repurchased an individually held $3.0 million Rifkin promissory note for $3.4 million and publicly held notes with a total outstanding principal amount of $124.1 million for a total of $140.6 million, including a consent fee to noteholders who delivered timely consents to amend the indenture governing those notes to eliminate substantially all of the restrictive covenants. In February 2000, we repurchased $0.5 million in principal amount of these notes. As of June 30, 2000, $0.4 million in principal amount of Rifkin notes remained outstanding.

FALCON DEBENTURES. We acquired Falcon in November 1999 and assumed Falcon's outstanding $375.0 million in principal amount of 8.375% senior debentures due 2010 and 9.285% senior discount debentures due 2010 with an accreted value of approximately $319.1 million. Falcon's 11.56% subordinated notes due 2001 were paid off for a total of $16.3 million, including principal, accrued and unpaid interest and premiums, at the closing of the Falcon acquisition.

In February 2000, through change of control offers and purchases in the open market, all of the Falcon 8.375% senior debentures with a principal amount of $375.0 million were repurchased for $388.0 million, and all of the Falcon 9.285% senior discount debentures with an aggregate principal amount at maturity of $435.3 million were repurchased for $328.1 million.

FALCON CREDIT FACILITIES. In connection with the Falcon acquisition, the previous Falcon credit facilities were amended to provide for two term facilities, one with a principal amount of $197.0 million that matures June 2007 (Term B), and the other with the principal amount of $295.5 million that matures December 2007 (Term C). The Falcon credit facilities also provide for a $646.0 million revolving credit facility with a maturity date of December 2006 and, at the option of the lenders, supplemental credit facilities in the amount of $700.0 million with a maturity date in December 2007. At June 30, 2000, $110.0 million was outstanding under the supplemental credit facilities. Amounts under the Falcon credit facilities bear interest at the Base Rate or the Eurodollar rate, as defined, plus a margin of up to 2.5% (8.03% to 9.50% as of June 30, 2000). A quarterly commitment fee of between 0.25% and 0.375% per annum is payable on the unborrowed balance. As of June 30, 2000, outstanding borrowings were $1,059.5 million, and unused availability was $189.1 million.

AVALON CREDIT FACILITIES. The Avalon credit facilities have maximum borrowings of $300.0 million, consisting of a revolving facility in the amount of $175.0 million that matures May 15, 2008, and a Term B loan in the amount of $125.0 million that matures on November 15, 2008. The Avalon credit facilities also provide, at the option of the lenders, for supplemental credit facilities in the amount of $75.0 million available until December 31, 2003. Amounts under the Avalon credit facilities bear interest at the Base Rate or the Eurodollar rate, as defined, plus a margin up to 2.75% (8.04% to 9.04% as of June 30, 2000). A quarterly commitment fee of between 0.250% and 0.375% per annum is payable on the unborrowed balance. The Company borrowed $165.0 million under the Avalon credit facilities to fund a portion of the Avalon purchase price. As of June 30, 2000, outstanding borrowings were $170.0 million, and unused availability was $130.0 million.

AVALON NOTES. We acquired Avalon in November and assumed Avalon's outstanding 11.875% senior discount notes due 2008 with an accreted value of $123.3 million and $150.0 million in principal amount of 9.375% senior subordinated notes due 2008. After December 1, 2003, cash interest on the Avalon 11.875% notes will be payable semi-annually on June 1 and December 1 of each year, commencing June 1, 2004.

In January 2000, we completed change of control offers in which we repurchased $16.3 million aggregate principal amount at maturity of the 11.875% notes at a purchase price of 101% of accreted value as of January 28, 2000, for $10.5 million. As of June 30, 2000, Avalon 11.875% notes with an aggregate principal amount of $179.8 million at maturity remained outstanding with an accreted value of $121.2 million.

At the same time, through change of control offers and purchases in the open market, we repurchased all of the $150.0 million aggregate principal amount of the Avalon 9.375% notes. The aggregate repurchase price was $153.7 million and was funded with equity contributions from Charter Holdings, which made the cash available from the proceeds of its sale of the January 2000 Charter Holdings notes.

FANCH CREDIT FACILITIES. The Fanch credit facilities provide for two term facilities, one with a principal amount of $450.0 million that matures May 2008 (Term A), and the other with a principal amount of $400.0 million that matures November 2008 (Term B). The Fanch credit facilities also provide for a $350.0 million revolving credit facility with a maturity date in May 2008 and, at the option of the lenders, supplemental credit facilities in the amount of $300.0 million available until December 31, 2004. Amounts under the Fanch credit facilities bear interest at the Base Rate or the Eurodollar rate, as defined, plus a margin of up to 3.0% (8.53% to 9.28% as of June 30, 2000). A quarterly commitment fee of between 0.250% and 0.375% per annum is payable on the unborrowed balance. We used $850.0 million of the credit facilities to fund a portion of the Fanch purchase price. As of June 30, 2000, outstanding borrowings were $850.0 million, and unused availability was $350.0 million.

BRESNAN NOTES. We acquired Bresnan in February 2000 and assumed Bresnan's outstanding $170.0 million in principal amount of 8% senior notes due 2009 and $275.0 million in principal amount at maturity of 9.25% senior discount notes due 2009 with an accreted value of $192.2 million. In March 2000, we repurchased all of the outstanding Bresnan notes at purchase prices of 101% of the outstanding principal amounts plus accrued and unpaid interest or accreted value, as applicable, for a total of $369.7 million, using proceeds from the sale of the January 2000 Charter Holdings notes.

BRESNAN CREDIT FACILITIES. Upon the closing of the Bresnan acquisition, we amended and assumed the previous Bresnan credit facilities. The Bresnan credit facilities provide for borrowings of up to $900.0 million. The Bresnan credit facilities provide for two term facilities, one with a principal amount of $403.0 million (Term A), and the other with a principal amount of $297.0 million (Term B). The Bresnan credit facilities also provide for a $200.0 million revolving credit facility with a maturity date in June 2007 and, at the option of lenders, supplemental facilities in the amount of $200.0 million. Amounts under the Bresnan credit facilities bear interest at the Base Rate or the Eurodollar Rate, as defined, plus a margin of up to 2.75% (8.27% to 9.03% as of June 30, 2000). A quarterly commitment fee of between 0.250% and 0.375% is payable on the unborrowed balance of Term A and the revolving credit facility. At the closing of the Bresnan acquisition, we borrowed approximately $599.9 million to replace the borrowings outstanding under the previous credit facilities and an additional $31.3 million to fund a portion of the Bresnan purchase price. As of June 30, 2000, $638.9 million was outstanding, and $261.1 million was available for borrowing.

JANUARY 2000 CHARTER HOLDINGS NOTES. On January 12, 2000, Charter Holdings and Charter Communications Holdings Capital Corporation issued $1.5 billion principal amount of senior notes. The January 2000 Charter Holdings notes consisted of $675.0 million in aggregate principal amount of 10.00% senior notes due 2009, $325.0 million in aggregate principal amount of 10.25% senior notes due 2010, and $532.0 million in aggregate principal amount at maturity of 11.75% senior discount notes due 2010. The net proceeds of approximately $1.3 billion were used to consummate change of control offers for certain of the Falcon, Avalon and Bresnan notes and debentures.

In June 2000, Charter Holdings and Charter Communications Holdings Capital Corporation exchanged these notes for new January 2000 Charter Holdings notes, with substantially similar terms, except that the new January 2000 Charter Holdings notes are registered under the Securities Act of 1933, as amended, and, therefore, do not bear legends restricting their transfer.

As of June 30, 2000, $1.0 billion of the January 2000 Charter Holdings 10.00% and 10.25% senior notes were outstanding, and the accreted value of the 11.75% senior discount notes was approximately $316.8 million.

CHARTER HOLDINGS SENIOR BRIDGE LOAN FACILITY. On August 4, 2000, Charter Holdings and Charter Communications Holdings Capital Corporation entered into a senior bridge loan agreement providing for senior increasing rate bridge loans in an aggregate principal amount of up to $1.0 billion.

On August 14, 2000, Charter Holdings borrowed $1.0 billion under the senior bridge loan facility and used the majority of the proceeds to repay a portion of the amounts outstanding under the Charter Operating revolving credit facility. The bridge loan initially bears interest at an annual rate equal to the yield corresponding to the bid price on Charter Holdings 10.25% notes less 0.25% (10.21% as of August 14, 2000). If this loan is not repaid within 90 days following August 14, 2000, the interest rate will increase by 1.25% at the end of such 90-day period and will increase by an additional 0.50% at the end of each additional 90-day period. Unless additional default interest is assessed, the interest rate on the bridge loan will not exceed 15% annually. If the bridge loan has not been repaid in full by August 14, 2001, then it will be converted to a term loan. The term loan will bear interest at a fixed rate equal to the greater of the applicable rate of the bridge loan on the date of the conversion plus 0.50% and the yield corresponding to the bid price on Charter Holdings 10.25% notes as of the date immediately prior to the conversion. If the term loan is not repaid within 90 days after the conversion of the bridge loan, the interest rate will increase by 0.50% at the end of each 90-

day period. The interest rate on the term loan will not exceed 15% annually. The term loan will mature on the tenth anniversary of the initial senior bridge loan borrowing.

CONTRIBUTIONS BY AFFILIATES. In August 1999, Vulcan Cable III Inc. contributed to Charter Communications Holding Company $500.0 million in cash and, in September 1999, an additional $825.0 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. Charter Communications Holding Company in turn contributed the cash and equity interests to Charter Holdings. In November 1999, in connection with Charter Communications, Inc.'s initial public offering, Vulcan Cable III contributed to Charter Communications Holding Company $750.0 million in cash. In connection with the Rifkin, Falcon and Bresnan acquisitions, Charter Communications Holding Company issued equity interests totaling approximately $1.1 billion to certain sellers in each of these acquisitions, and a subsidiary of Charter Holdings issued preferred equity interests totaling $629.5 million to certain sellers in the Bresnan acquisition.

For a description of our acquisitions completed in 1999 and 2000, see "Business -- Acquisitions."

CERTAIN TRENDS AND UNCERTAINTIES

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

SUBSTANTIAL LEVERAGE. As of June 30, 2000, our total debt was approximately $11.6 billion. We anticipate incurring significant additional debt in the future to fund the expansion, maintenance and upgrade of our cable systems.

Our ability to make payments on our debt and to fund our planned capital expenditures for upgrading our cable systems 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 beyond our control. We cannot assure you 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 at acceptable rates or 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. At June 30, 2000, approximately 44% of our debt bears interest at variable rates that are linked to short-term interest rates. In addition, a significant portion of our existing debt, assumed debt or debt we might arrange in the future will bear interest at variable rates. If interest rates rise, our costs relative to those obligations will also rise. At June 30, 2000, our weighted-average rate on outstanding bank commitments is approximately 8.6% and approximately 9.5% on high-yield debt, resulting in a blended weighted-average rate of 9.0%. See "-- Interest Rate Risk."

RESTRICTIVE COVENANTS. Our credit facilities and the indentures governing our outstanding debt contain a number of significant covenants that, among other things, restrict our ability and the ability of our subsidiaries to:

- pay dividends or make other distributions;
- make certain investments or acquisitions;
- dispose of assets or merge;
- incur additional debt;
- issue equity;

- repurchase or redeem equity interests and debt;

- create liens; and

- pledge assets.

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, which could trigger acceleration of the debt. Any default under our credit facilities or the indentures governing our outstanding debt may adversely affect our growth, our financial condition and our results of operations.

NEW SERVICES AND PRODUCTS GROWTH STRATEGY. We expect that a substantial portion of any of our future growth will be achieved through revenues from additional services. We cannot assure you that we will be able to offer new advanced services successfully to our customers or that those new advanced services will generate revenues. The amount of our capital expenditures and related roll-out of advanced services may be limited by the availability of certain equipment (in particular, digital converter boxes and cable modems) due to production capacity constraints of certain vendors and/or materials shortages. We continue to work with our primary vendors to address such problems and have been assured that we will have an adequate supply to meet our demand. 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. We have experienced 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. No significant severance cost was incurred in conjunction with acquisitions in 1999 and 2000. 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.

REGULATION AND LEGISLATION. Cable systems are extensively regulated at the federal, state, and local level. Effective March 31, 1999, the scope of rate regulation was reduced so that it continues to impact only the lowest level of basic cable service and associated equipment. 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 (FCC)were to require cable systems to carry both the analog and digital versions of local broadcast signals. The FCC is currently conducting a proceeding in which it is considering this channel usage possibility.

There is also uncertainty whether local franchising authorities, state regulators, the FCC, 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. Recently, a federal district court in Virginia and a federal circuit court in

California struck down as unlawful open access requirements imposed by two different franchising authorities. The federal circuit court ruling reversed an earlier district court decision that had upheld an open access requirement. The FCC has announced that it will soon consider how Internet service provided over cable systems should be classified for regulatory purposes and what, if any, regulations should be imposed.

POSSIBLE RESCISSION LIABILITY. The Rifkin, Falcon and Bresnan sellers who acquired Charter Communications Holding Company membership units or, in the case of Bresnan, additional equity interests in one of our subsidiaries, in connection with these respective acquisitions and the Helicon sellers who acquired shares of Class A common stock in our initial public offering may have rescission rights against Charter Communications Holding Company and us arising out of possible violations of Section 5 of the Securities Act in connection with the offers and sales of these equity interests.

If all of these equity holders successfully exercised their possible rescission rights, we or Charter Communications Holding Company would become obligated to repurchase all such equity interests, and the total repurchase obligation could be as much as approximately $1.8 billion as of June 30, 2000. For financial reporting purposes, this maximum potential obligation has been excluded from shareholders' equity and minority interest and has been classified as redeemable securities (temporary equity). After one year from the dates of issuance or purchase of these equity securities (when these possible rescission rights will have expired), we will reclassify the respective amounts to shareholders' equity and minority interest. We cannot assure you that we would be able to obtain capital sufficient to fund any required repurchases. This could adversely affect our financial condition and results of operations.

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 the credit facilities of our subsidiaries. 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.

Our participation in interest rate hedging transactions involves instruments that have a close correlation with our debt, thereby managing our risk. Interest rate hedge agreements have been designed for hedging purposes and are not held or issued for speculative purposes.

At June 30, 2000, we had outstanding $2.4 billion, $15.0 million and $760.0 million in notional amounts of interest rate swaps, caps and collars, respectively.

The notional amounts of interest rate instruments are used to measure interest to be paid or received and do not represent the amount of exposure to credit loss. While swaps, caps and collars represent an integral part of our interest rate risk management program, their incremental effect on interest expense for the six months ended June 30, 2000, and for the year ended December 31, 1999, was not significant.

The fair value of fixed-rate debt at June 30, 2000, was $4.0 billion. The fair value of fixed-rate debt is based on quoted market prices. The fair value of variable-rate debt approximates the carrying value of $6.95 billion at June 30, 2000, since this debt bears interest at current market rates.

OPTIONS

In accordance with an employment agreement and a related option agreement with Jerald L. Kent, our President and Chief Executive Officer, Mr. Kent was issued an option to purchase 7,044,127 membership units in Charter Communications Holding Company in December 1998. 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 employees, consultants and directors of Charter Communications Holding Company and its affiliates to purchase up to 25,009,798 Charter Communications Holding Company membership units. Options granted under the plan 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.

Membership units received upon exercise of the options issued to Mr. Kent and to optionees under the plan are automatically exchanged for shares of our Class A common stock on a one-for-one basis.

The following chart sets forth the number of options outstanding and the exercise price of such options as of August 31, 2000:

	OPTIONS OUTSTANDING				OPTIONS EXERCISABLE
	NUMBER OF OPTIONS	EXERCISE PRICE	TOTAL DOLLARS	REMAINING LIFE (IN YEARS)	NUMBER OF OPTIONS(4)
Outstanding as of January 1, 1999(1)	7,044,127	$ 20.00	$ 140,882,540	10.0(3)	2,935,053(5)
Granted:					
February 9, 1999(2)	9,111,681	20.00	182,233,620		2,647,599
April 5, 1999(2)	473,000	20.73	9,805,290		99,850
November 8, 1999(2)	4,781,400	19.00	90,846,600		240,000
February 15, 2000(2)	5,566,600	19.47	108,375,022		--
May 1, 2000(2)	1,469,200	15.03	22,083,986		--
July 26, 2000(2)	1,469,800	14.31	21,036,513		--
Cancelled	(2,072,523)	15.03-20.73	(40,479,503)		--
Outstanding as of August 31, 2000	27,843,285	$ 19.21(3)	$ 534,784,068	8.9(3)	5,922,502(5)

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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.

(4) As of August 31, 2000.

(5) The weighted average exercise price for options exercisable was $20.00 and $19.21 at December 31, 1998 and August 31, 2000, respectively.

The weighted average fair value of options granted was $12.59 and $12.50 at December 31, 1999 and 1998, respectively.

We follow Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees" to account for options issued under the option plan and the options held by Mr. Kent. We recorded option compensation expense of $845,000 for the period from December 24, 1998 through December 31, 1998, $80.0 million for the year ended December 31, 1999 and $26.1 million for the six months ended June 30, 2000, in the financial statements since the exercise prices were 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 Investment and valuations of public companies in the cable 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, 2000, deferred compensation remaining to be recognized in future periods totaled $49.6 million.

ACCOUNTING STANDARDS RECENTLY IMPLEMENTED

FASB Interpretation No. 44 (FIN No. 44), Accounting for Certain Transactions Involving Stock Compensation, provides guidance for applying APB Opinion No. 25, Accounting for Stock Issued to Employees. FIN No. 44 applies prospectively, with certain exceptions, to new awards, exchanges of awards in a business combination, modifications to outstanding awards and changes in grantee status on or after July 1, 2000. Management believes that the adoption of FIN No. 44 will not have a significant effect on our financial condition or results of operations.

In December 1999, the SEC issued Staff Accounting Bulletin No. 101 (SAB 101), Revenue Recognition in Financial Statements, which summarizes certain of the SEC staff's views on applying generally accepted accounting principles to revenue recognition in financial statements. We adopted the accounting provisions of SAB 101 effective April 1, 2000. Management believes that the implementation of SAB 101 has not had a significant effect on our financial condition or results of operations.

ACCOUNTING STANDARD NOT YET IMPLEMENTED

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 (losses).

SELLING SHAREHOLDERS

The following table sets forth information regarding the number of shares of Class A common stock held by each selling shareholder as of the date of this prospectus and the shares being offered from time to time by each selling shareholder. The table indicates the nature of any position, office or other material relationship that the selling shareholder has had within the past three years with us or any of our affiliates. This prospectus relates to the offer and sale by the selling shareholders of up to 5,661,117 shares of common stock. Information with respect to shares owned after this offering assumes the sale of all of the shares offered and no other purchases or sales of shares of Class A common stock. All or part of the shares of Class A common stock offered by this prospectus may be offered from time to time by the selling shareholders named below.

NAME	NUMBER OF SHARES OF CLASS A COMMON STOCK OWNED BEFORE THIS OFFERING	NUMBER OF SHARES TO BE OFFERED FOR THE ACCOUNT OF THE SELLING SHAREHOLDER	NUMBER OF SHARES TO BE OWNED AFTER THIS OFFERING
Paul A. Bambei R & A Management, LLC(1)	6,819	6,819	0
BancBoston Capital, Inc.(2)	81,778	81,778	0
Jeffrey D. Bennis(a) R & A Management, LLC(1)	148,971	148,971	0
Ruth Rifkin Bennis(b) 5570 Preserve Drive Greenwood Village, Colorado 80121	190,536	190,536	0
Chatham Investments LLLP R & A Management, LLC(1)	276,591	276,591	0
CRM II Limited Partnership, LLLP c/o Charles R. Morris III(3)	180,300	180,300	0
Stephen E. Hattrup(c) R & A Management, LLC(1)	18,158	18,158	0
Lucille A. Maun(d) R & A Management, LLC(1)	5,020	5,020	0
Morris Children Trust c/o Charles R. Morris III(3)	52,045	52,045	0
James Pinto(4)	20,444	20,444	0
Monroe M. Rifkin(e) R & A Management, LLC(1)	267,388	267,388	0
Rifkin & Associates, Inc. c/o Monroe M. Rifkin R & A Management, LLC(1)	1,633,281	1,633,281	0
Rifkin Children's Trust c/o Monroe M. Rifkin, Co-Trustee R & A Management, LLC(1)	162,186	162,186	0

NAME	NUMBER OF SHARES OF CLASS A COMMON STOCK OWNED BEFORE THIS OFFERING	NUMBER OF SHARES TO BE OFFERED FOR THE ACCOUNT OF THE SELLING SHAREHOLDER	NUMBER OF SHARES TO BE OWNED AFTER THIS OFFERING
Rifkin Children Trust-II c/o Monroe M. Rifkin, Co-Trustee R & A Management, LLC(1)	86,822	86,822	0
Rifkin Children's Trust-III c/o Monroe M. Rifkin, Co-Trustee R & A Management, LLC(1)	344,486	344,486	0
Rifkin Family Investment Company, L.L.L.P. c/o Monroe M. Rifkin, General Partner R & A Management, LLC(1)	2,148,045	2,148,045	0
Cameron Rogers Trust(5)	4,091	4,091	0
William L. Rogers(5)	16,355	16,355	0
Peter N. Smith R & A Management, LLC(1)	17,801	17,801	0
Total	5,661,117	5,661,117	0

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(1) The address for these persons is 360 South Monroe Street, Suite 600, Denver, Colorado 80209.

(2) The address for BancBoston Capital, Inc., is 175 Federal Street, 10th Floor, Boston, Massachusetts 02110-2003.

(3) The address for these persons is 4875 South El Camino Drive, Englewood, Colorado 80111.

(4) The address for James Pinto is 520 Madison Avenue, 40th Floor, New York, New York 10022.

(5) The address for William L. Rogers is 1601 Moore Road, Santa Barbara, California 93108.

(a) Jeffrey D. Bennis was an officer of (i) RT Investment Corp., which is the general partner of Rifkin Acquisition Management L.P., which is the general partner of Rifkin Acquisition Partners, L.L.L.P. and (ii) Rifkin, Co., the general partner of Interlink Communications Partners, LLLP.

(b) Ruth Rifkin Bennis is the wife of Jeffrey D. Bennis and the daughter of Monroe M. Rifkin.

(c) Stephen E. Hattrup was an officer of (i) Rifkin Acquisition Management, L.P., the general partner of Rifkin Acquisition Partners, L.L.L.P. and (ii) Rifkin, Co., the general partner of Interlink Communications Partners, LLLP.

(d) Lucille Maun was an officer of (i) Rifkin Acquisition Management, L.P., the general partner of Rifkin Acquisition Partners, L.L.L.P. and (ii) Rifkin, Co., the general partner of Interlink Communications Partners, LLLP.

(e) Monroe M. Rifkin is an officer and director of (i) Rifkin, Co., the general partner of Interlink Communications Partners, LLLP and Rifkin Acquisition Management, L.P., the general partner of Rifkin Acquisition Partners L.L.L.P. and (ii) Indiana Cablevision Management Corp.

PLAN OF DISTRIBUTION

The shares of Class A common stock covered by this prospectus are owned by the selling shareholders. As used in the rest of this section of the prospectus, the term "selling shareholders" includes the named selling shareholders and any of their pledgees, donees, transferees or other successors in interest selling shares received from a named selling shareholder after the date of this prospectus. The selling shareholders may offer and sell, from time to time, some or all of the shares of common stock registered hereby. We have registered the shares for sale by the selling shareholders so that the shares will be freely tradeable by them. Registration of the shares does not mean, however, that the shares necessarily will be offered or sold. We will not receive any proceeds from any offering or sale by the selling shareholders of the shares. We will pay all costs, expenses and fees in connection with the registration of the shares. The selling shareholders will pay all stock transfer fees or expenses (including the cost of all transfer tax stamps), underwriting or brokerage discounts or commissions and fees and disbursements of counsel (other than the fees and disbursements of counsel incurred in connection with the registration of the shares), attributable to the sale of the shares.

The selling shareholders will act independently of us in making decisions with respect to the timing, manner and size of each sale. The shares may be sold by or for the account of the selling shareholders from time to time in transactions at prices quoted on the Nasdaq National Market. These sales may be at fixed prices or prices that may be changed, at market prices prevailing at the time of sale, at prices related to these prevailing market prices or at negotiated prices. The shares may be sold by means of one or more of the following methods.

- in a block trade in which a broker-dealer will attempt to sell a block of shares as agent but may position and resell a portion of the block as principal to facilitate the transaction;

- purchases by broker-dealer as principal and resale by that broker-dealer for its account pursuant to this prospectus;

- on markets where our common stock is traded or in an exchange distribution in accordance with the rules of the exchange;

- through broker-dealers, that may act as agents or principals;

- directly to one or more purchasers;

- through agents;

- in connection with the loan or pledge of shares to a broker-dealer, and the sale of the shares so loaned or the sale of the shares so pledged upon a default;

- in connection with put or call option transactions, in hedge transactions, and in settlement of other transactions in standardized or over-the-counter options;

- through short sales of the shares by the selling shareholders or counterparties to those transactions, in privately negotiated transactions; or

- in any combination of the above.

In effecting sales, brokers or dealers engaged by the selling shareholders may arrange for other brokers or dealers to participate. The broker-dealer transactions may include:

- purchases of the shares by a broker-dealer as principal and resales of the shares by the broker-dealer for its account pursuant to this prospectus;

- ordinary brokerage transactions; or

- transactions in which the broker-dealer solicits purchasers.

If a material arrangement with any broker-dealer or other agent is entered into for the sale of any shares of common stock through a block trade, special offering, exchange distribution, secondary distribution, or a purchase by a broker or dealer, a prospectus supplement will be filed, if necessary, pursuant to Rule 424(b) under the Securities Act disclosing the material terms and conditions of these arrangements.

The selling shareholders and any broker-dealers or agents participating in the distribution of the shares may be deemed to be "underwriters" within the meaning of the Securities Act, and any profit on the sale of the shares of common stock by the selling shareholders and any commissions received by a broker-dealer or agents, acting in this capacity, may be deemed to be underwriting commissions under the Securities Act.

Charter Communications, Inc. agrees to indemnify each selling shareholder for any losses which arise out of or are based upon any untrue statement or alleged untrue statement of a material fact contained in this prospectus, or any omission or alleged omission to state herein a material fact required to be stated herein or necessary to make the statements herein not misleading. Charter Communications, Inc. will reimburse each such selling shareholder for any reasonable legal fees and expenses incurred by him in connection with investigating or defending any such claims, except that Charter Communications, Inc. will not indemnify any selling shareholder for losses which result from an untrue statement or omission made in reliance upon and in conformity with written information provided by or on behalf of such selling shareholder for inclusion in this prospectus.

Each selling shareholder, individually and not jointly, agrees to indemnify Charter Communications, Inc. and each other selling shareholder for any losses which arise out of or are based upon any untrue statement or alleged untrue statement of a material fact contained in this registration statement, or any omission or alleged omission to state herein a material fact required to be stated herein or necessary to make the statements herein 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 shareholder for inclusion in this prospectus.

The selling shareholders are not restricted as to the price or prices at which they may sell their shares of common stock. Sales of such shares may have an adverse effect on the market price of the common stock. Moreover, the selling shareholders are not restricted as to the number of shares that may be sold at any time, and it is possible that a significant number of shares could be sold at the same time, which may have an adverse effect on the market price of the common stock.

MARKET FOR COMMON EQUITY

MARKET INFORMATION

Our Class A common stock is quoted on the NASDAQ National Market under the symbol "CHTR." The following table sets forth, for the periods indicated, the range of high and low bid information per share of the common stock as included for quotation on the Nasdaq National Market.

2000	HIGH	LOW
First Quarter	$22 5/8	$14
Second Quarter	$16 9/16	$10
Third Quarter (through September 21, 2000)	$17 1/16	$12 3/8

1999	HIGH	LOW
Period Ended December 31, 1999*	$27 3/4	$19 1/2

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* We completed our initial public offering of Class A common stock on November 12, 1999. The initial public offering price per share was $19.00.

HOLDERS

As of August 31, 2000, there were 2,161 holders of our Class A common stock of record and one holder of our Class B common stock. No preferred stock is outstanding.

DIVIDEND INFORMATION

There have been no stock dividends paid on any of our equity securities. We do not intend to pay cash dividends in the foreseeable future. We intend to retain future earnings, if any, to finance the expansion of our business. Charter Communications Holding Company is required under certain circumstances to pay distributions pro rata to all holders of its common membership units, including us, to the extent necessary for any holder of common membership units to pay income taxes incurred with respect to its share of taxable income attributed to Charter Communications Holding Company. Covenants in the indentures governing the debt obligations 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.

BUSINESS

OVERVIEW

We are the fourth largest operator of cable television systems in the United States serving approximately 6.3 million customers.

We offer a full range of traditional cable television services in all of our systems. 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;
- high-speed Internet access; and
- television-based Internet access.

We are also exploring opportunities in telephony.

The new products and services described above 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, 1999, pro forma for our merger with Marcus Holdings and the acquisitions completed since the beginning of 1999, our revenues would have been approximately $3.0 billion. For the six months ended June 30, 2000, pro forma for acquisitions closed since January 1, 2000, our revenues would have been approximately $1.6 billion.

Mr. Allen, the principal owner of Charter Communications, Inc. 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 acquired 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 demographic profile of the market, the number of homes passed and the customers currently using the system;
- 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 our 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 equity 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. As a result of these and other actions taken by the Charter management team, relations with local franchising authorities are greatly improved, customer service has been significantly enhanced, and the number of customers and operating cash flow have increased.

Under our management team's direction, the Marcus Cable systems reported 1.6% internal customer growth, 11.9% revenue growth and 20.4% adjusted EBITDA growth for the six months ended June 30, 2000 as compared to the same period in 1999. Prior to our management team overseeing their operations the Marcus Cable systems had virtually no customer growth, 8.4% revenue growth and less than 5% adjusted EBITDA growth for the year ended December 31, 1998. In addition, the Marcus Cable systems average monthly adjusted EBITDA per customer has increased from $17.38 to $20.60.

OFFER NEW PRODUCTS AND SERVICES. We offer an array of products and services to our customers implementing our Wired World vision. Using digital technology, we 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 offer digital music services and interactive program guides that are comprehensive guides to television program listings that can be accessed by network, time, date or programming genre. In addition, we offer 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 access and other interactive services, including High Speed Access Corp., EarthLink Network, Inc., Excite@Home Corporation, Convergence.com, WorldGate Communications, Inc. and Wink Communications, Inc. We have recently entered into a joint venture with Vulcan Ventures Inc. and Go2Net, Inc. to deliver high-speed Internet portal services to our customers.

UPGRADE THE BANDWIDTH CAPACITY OF OUR SYSTEMS. We plan to spend approximately $6.4 billion from 2000 to 2002 for capital expenditures. Approximately $3.2 billion will be used to upgrade our systems to bandwidth capacity of 550 megahertz or greater. 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 analog 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 and will enable our systems to provide telephony services.

The remaining capital will be spent on plant extensions, new services, converters and system maintenance.

As of June 30, 2000, pro forma for the Kalamazoo transaction, approximately 57.2% of our customers were served by cable systems with at least 550 megahertz bandwidth capacity, and approximately 41.2% of our customers had two-way communication capability. By year-end 2003, we expect that approximately 97.3% of our customers will be served by cable systems with at least 550 megahertz bandwidth capacity, and approximately 91.5% of our customers will be served by cable systems with at least 750 megahertz bandwidth and two-way communication capability.

Our planned upgrades are designed to reduce the number of headends from 1,295 at June 30, 2000, including the Kalamazoo transaction, to 484 at year-end 2003. 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, we expect that approximately 89% of our customers will be served by headends serving at least 10,000 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 customer service standards which we believe meet or exceed those established by the National Cable Television Association, the Washington, D.C.-based trade association for the cable 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 1999 for the systems we owned in each of those years.

EMPHASIZE LOCAL MANAGEMENT AUTONOMY WHILE PROVIDING REGIONAL AND CORPORATE SUPPORT AND CENTRALIZED FINANCIAL CONTROLS. Our local cable systems are organized into twelve operating regions. A regional management team oversees multiple 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 along with cash and equity-based compensation. Under the Charter Communications Option Plan directors, consultants and substantially all employees, including members of corporate management and key regional and system-level management personnel, receive options exercisable for Charter Communications Holding Company membership units that are automatically exchanged for shares of Charter Communications, Inc. Class A common stock on a one-for-one basis.

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

CHARTER ORGANIZATIONAL STRUCTURE

The following is a description of the entities in our organizational structure and how they relate to us. In our discussion of the following entities, we make the same assumption as on page 3 with respect to our organizational chart.

OWNERSHIP OF CHARTER COMMUNICATIONS, INC. Mr. Allen owns less than 4% of the outstanding capital stock of Charter Communications, Inc. and controls approximately 93.5% of the voting power of Charter Communications, Inc.'s capital stock. The remaining equity interest and voting control are held by the public. Mr. Allen's voting control arises from his ownership of Charter Communications, Inc.'s high vote Class B common stock, his Class A common stock, his ownership interests in Vulcan Cable III Inc. and Charter Investment, both of which own membership units in Charter Communications Holding Company that are exchangeable for shares of high vote Class B common stock of Charter Communications, Inc.

VULCAN CABLE III INC. Mr. Allen owns 100% of the equity of Vulcan Cable III. Vulcan Cable III has a 18.6% equity interest and no voting rights in Charter Communications Holding Company. In August 1999, Mr. Allen, through Vulcan Cable III, contributed to Charter Communications Holding Company $500 million in cash. In September 1999, he contributed an additional $825 million to Charter Communications Holding Company through Vulcan Cable III, of which approximately $644.3 million was in cash and approximately $180.7 million was in the form of equity interests Vulcan Cable III acquired in connection with the Rifkin acquisition. Upon each of these contributions, Vulcan Cable III received Charter Communications Holding Company membership units at a price per membership unit of $20.73. In addition, in November 1999, Mr. Allen, through Vulcan Cable III, made a $750 million cash equity contribution to Charter Communications Holding Company for which Vulcan Cable III received additional membership units at a price per membership unit of $18.24.

CHARTER INVESTMENT, INC. Charter Investment, Inc. has a 38.0% equity interest and no voting rights in Charter Communications Holding Company. Mr. Allen owns approximately 96.8% of the outstanding stock of Charter Investment, Inc. The remaining 3.2% equity is beneficially owned by our founders, Jerald L. Kent, Howard L. Wood and Barry L. Babcock.

FORMER OWNERS OF BRESNAN. Under the terms of the Bresnan acquisition, some of the sellers received a portion of their purchase price in Charter Communications Holding Company common membership units rather than in cash. These common membership units are exchangeable for shares of Charter Communications, Inc. Class A common stock on a one-for-one basis. In addition, certain other sellers received a portion of the purchase price in preferred membership units in an indirect subsidiary of Charter Holdings. The preferred membership units are also exchangeable for shares of Charter Communications, Inc. Class A common stock on a one-for-one basis. If all of the Bresnan sellers exchanged their membership units in Charter Communications Holding Company or such indirect subsidiary, as applicable, these equity holders as a group would have a total 14.3% equity interest in Charter Communications, Inc.

CHARTER COMMUNICATIONS HOLDING COMPANY, LLC. Charter Communications Holding Company is the direct 100% parent of Charter Holdings. Charter Communications Holding Company is owned 40.8% by Charter Communications, Inc., 18.6% by Vulcan Cable III Inc., 38.0% by Charter Investment, Inc. and 2.6% by certain sellers in our Bresnan acquisition. Charter Communications, Inc. controls 100% of the voting power of Charter Communications Holding Company. All of the outstanding membership units in Charter Communications Holding Company are exchangeable for shares of Class B common stock of Charter Communications, Inc. on a one-for-one basis at any time which are in turn exchangeable for Class A common stock of Charter Communications, Inc.

CHARTER COMMUNICATIONS HOLDINGS, LLC. Charter Holdings is a co-issuer of $3.575 billion aggregate principal amount of notes issued in March 1999 and $1.532 billion aggregate principal amount of notes issued in January 2000. Charter Holdings owns 100% of Charter Communications Holdings Capital Corporation, the co-issuer of the March 1999 Charter Holdings notes and the January 2000 Charter Holdings notes. Charter Holdings also owns the various subsidiaries that conduct all of our cable operations, including the Charter, Falcon, Fanch, Avalon and Bresnan companies described below.

CHARTER COMMUNICATIONS HOLDINGS CAPITAL CORPORATION. Charter Communications Holdings Capital Corporation is a wholly owned subsidiary of Charter Holdings and a co-issuer of the notes described in the preceding paragraph.

CHARTER COMPANIES. These companies are subsidiaries of Charter Holdings and own or operate all of the cable systems originally managed by Charter Investment, Inc. (namely Charter Communications Properties Holdings, LLC, CCA Group and CharterComm Holdings, LLC), the cable systems obtained through the merger of Marcus Holdings with Charter Holdings and the cable systems we acquired in 1999 and 2000, other than the Falcon, Fanch, Avalon and Bresnan systems described below. Historical financial information is presented separately for these acquired entities. Charter Operating, a direct subsidiary of Charter Holdings, owns all of the Charter companies' operating subsidiaries and is the borrower under the Charter Operating credit facilities. The Charter companies also include the issuers of the outstanding publicly held notes of Renaissance.

FALCON COMPANIES. These companies are subsidiaries of Charter Holdings and own or operate all of the cable systems acquired in the Falcon acquisition and Falcon Cable Communications, which is the borrower under the Falcon credit facilities.

FANCH COMPANIES. These companies are subsidiaries of Charter Holdings and own or operate all of the cable systems acquired in the Fanch acquisition and CC VI Operating, LLC, which is the borrower under the Fanch credit facilities.

AVALON COMPANIES. These companies are subsidiaries of Charter Holdings and own or operate all of the cable systems acquired in the Avalon acquisition, including CC Michigan, LLC and CC New England, LLC, which are the borrowers under the Avalon credit facilities. CC V Holdings, LLC (formerly Avalon Cable LLC) and CC V Holdings Finance, Inc. (formerly Avalon Cable Finance Holdings, Inc.) are co-issuers of the outstanding publicly held Avalon notes.

BRESNAN COMPANIES. These companies are subsidiaries of Charter Holdings and own or operate all of the cable systems acquired in the Bresnan acquisition and CC VIII Operating, LLC, which is the borrower under the Bresnan credit facilities.

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:

- the demographic profile of the market, the number of homes passed and the customers currently using the system;

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

- the 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 the increased size and scope of our operations, including:

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

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

- increased leverage for negotiating programming contracts; and

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

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

ACQUISITIONS COMPLETED IN 1999

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 liabilities. 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. In October 1998, during the period of obtaining the requisite regulatory approvals for the transaction, the Marcus systems came under common management with our subsidiaries, pursuant to the terms of a management agreement.

The cable systems we acquired in the merger with Marcus Holdings are located in Wisconsin, Tennessee, North Carolina, Georgia, California, Alabama and Texas, have approximately 976,300 customers and are operated as part of our North Central, Southeast, Southern California, Gulf Coast and National regions. For the year ended December 31, 1999, the Marcus systems had revenues of approximately $511.9 million. For the six months ended June 30, 2000, the Marcus systems had revenues of approximately $255.5 million.

RENAISSANCE. In April 1999, one of our subsidiaries purchased Renaissance Media Group LLC for approximately $459 million, consisting of $348 million in cash and $111 million of assumed debt. Renaissance owns cable systems located in Louisiana, Mississippi and Tennessee, has approximately 135,000 customers and is operated as part of our Gulf Coast and Mid-South regions. For the year ended December 31, 1999, the Renaissance systems had revenues of approximately $62.4 million. For the six months ended June 30, 2000, the Renaissance systems had revenues of approximately $33.6 million.

AMERICAN CABLE. In May 1999, one of our subsidiaries purchased American Cable Entertainment, LLC for approximately $240 million. American Cable owns cable systems located in California serving approximately 68,700 customers and is operated as part of our Southern California region. For the year ended December 31, 1999, the American Cable systems had revenues of approximately $37.2 million. For the six months ended June 30, 2000, the American Cable systems had revenues of approximately $20.4 million.

GREATER MEDIA SYSTEMS. In June 1999, one of our subsidiaries purchased certain cable systems of Greater Media Cablevision Inc. for approximately $500 million. The Greater Media systems are located in Massachusetts, have approximately 177,100 customers and are operated as part of our Northeast Region. For the year ended December 31, 1999, the Greater Media systems had revenues of approximately $85.9 million. For the six months ended June 30, 2000, the Greater Media systems had revenues of approximately $46.8 million.

HELICON. In July 1999, one of our subsidiaries acquired Helicon Partners I, L.P. and affiliates for approximately $550 million, consisting of $410 million in cash, $115 million of assumed debt, and $25 million in the form of preferred limited liability company interest of Charter-Helicon LLC, a direct wholly owned subsidiary. The Helicon systems are located in Alabama, Georgia, New Hampshire, North Carolina, West Virginia, South Carolina, Tennessee, Pennsylvania, Louisiana and Vermont, have approximately 173,100 customers and are operated as part of our Southeast, South-Atlantic, Mid-South, Northeast, Gulf Coast and Mid-Atlantic regions. For the year ended December 31, 1999, the Helicon systems had revenues of approximately $85.2 million. For the six months ended June 30, 2000, the Helicon systems had revenues of approximately $44.2 million.

VISTA AND CABLE SATELLITE. One of our subsidiaries acquired Vista Broadband Communications, LLC in July 1999 and acquired a cable system of Cable Satellite of South Miami, Inc. in August 1999. These cable systems are located in Georgia and southern Florida and serve a total of approximately 34,900 customers and are operated as part of our South-Atlantic regions. The total purchase price for these acquisitions was approximately $148 million in cash. For the year ended December 31, 1999, these systems had revenues of approximately $19.0 million. For the six months ended June 30, 2000, these systems had revenues of approximately $9.4 million.

RIFKIN. In September 1999, one of our subsidiaries 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 in Charter Communications Holding Company and $128.0 million in assumed debt. The Rifkin systems are located primarily in Florida, Georgia, Illinois, Indiana, Tennessee, Virginia and West Virginia, serving approximately 458,200 customers and are operated as part of our Central, South-Atlantic, Mid-South and Mid-Atlantic regions. For the year ended December 31, 1999, Rifkin had revenues of approximately $219.9 million. For the six months ended June 30, 2000, Rifkin had revenues of approximately $116.7 million.

INTERMEDIA SYSTEMS. In October 1999, one of our subsidiaries purchased 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 409,800 customers in North Carolina, South Carolina, Georgia and Tennessee. As part of this transaction, we agreed to "swap" some of our non-strategic cable systems serving approximately 142,000 customers in Indiana, Montana, Utah and northern Kentucky.

At the closing, we retained a cable system located in Indiana serving approximately 30,000 customers for which we were unable to timely obtain the necessary regulatory approvals of the system transfer. Such approval was subsequently obtained and the Indiana system assets were transferred in March 2000. This transaction, including the transfer of the retained Indiana system, resulted in a net increase of 265,000 customers concentrated in our Southeast and Mid-South regions. For the year ended December 31, 1999, the InterMedia systems had revenues of approximately $179.3 million ($126.2 million, net of disposed systems). For the six months ended June 30, 2000, the InterMedia systems had revenues of approximately $112.3 million ($108.9 million, net of disposed Indiana systems).

FANCH. In November 1999, Charter Communications Holding Company purchased 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., Cable Systems, Inc. and, indirectly, Hornell Television Service, Inc. for a total combined purchase price of approximately $2.4 billion in cash.

Under the Fanch purchase agreement, immediately prior to the closing of the Fanch acquisition, certain assets of TWFanch-one Co. were distributed to Fanch Cablevision of Indiana and Hornell Television Service in exchange for all of their partnership interests in TWFanch-one. In addition, immediately prior to the closing of the Fanch acquisition, certain assets of TWFanch-two Co. were distributed to Fanch-JV2 Master and Cooney Cable in exchange for all of their partnership interests in TWFanch-two.

The cable systems acquired in this acquisition are primarily located in Colorado, Indiana, Kansas, Kentucky, Maryland, Michigan, New York, Oklahoma, Pennsylvania, Texas, Virginia, West Virginia and Wisconsin, serve approximately 535,300 customers and are operated as part of our Central, North Central, Michigan, National, Mid-South, Gulf Coast and Mid-Atlantic regions. For the year ended December 31, 1999, these systems had revenues of approximately $218.2 million. For the six months ended June 30, 2000, these systems had revenues of approximately $122.0 million.

FALCON. In November 1999, Charter Communications Holding Company purchased 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.

The purchase price for the acquisition was approximately $3.5 billion, consisting of cash, $550 million in common membership units in Charter Communications Holding Company issued to certain of the Falcon sellers and $1.7 billion in assumed debt.

The Falcon cable systems are located in California and the Pacific Northwest, Missouri, North Carolina, Alabama, Arkansas, Kentucky, Georgia, Texas and Utah, serve approximately 964,800 customers and are operated as part of our Central, Southern California, Northwest, Michigan, National, Southeast, South-Atlantic, Mid-South, Northeast, Gulf Coast and Mid-Atlantic regions. For the year ended December 31, 1999, these systems had revenues of approximately $427.7 million. For the six months ended June 30, 2000, these systems had revenues of approximately $215.2 million.

AVALON. In November 1999, Charter Communications Holding Company purchased directly and indirectly all of the equity interests of Avalon LLC from Avalon Cable Holdings LLC, Avalon Investors, L.L.C. and Avalon Cable of New England Holdings, Inc. for approximately $832 million, consisting of $558.2 million in cash and $273.8 million in assumed notes.

The Avalon systems are located primarily in Michigan and New England, serve approximately 269,100 customers and are operated as part of our North Central, Michigan and Northeast regions. For the year ended December 31, 1999, Avalon had revenues of approximately $108.3 million. For the six months ended June 30, 2000, the Avalon systems had revenues of $57.2 million.

ACQUISITIONS COMPLETED IN 2000

BRESNAN. In February 2000, we purchased Bresnan Communications Company Limited Partnership for a total purchase price of approximately $3.1 billion, consisting of approximately $1.1 billion in cash, $1.0 billion in membership units in Charter Communications Holding Company and an indirect subsidiary of Charter Communications Holding Company and $963.3 million in assumed debt.

The cable systems acquired in the Bresnan acquisition are primarily located in Michigan, Minnesota, Wisconsin and Nebraska, serve approximately 686,100 customers and are operated as part of our North Central, Michigan and National regions. For the year ended December 31, 1999, these systems and systems acquired by Bresnan have revenues of approximately $290.7 million. For the six months ended June 30, 2000, these systems had revenues of $156.1 million.

CAPITAL CABLE AND FARMINGTON. In April 2000, one of our subsidiaries purchased a cable system of Falcon Capital Cable Partners, L.P. and another cable system of Farmington Cablevision Company for a total purchase price of $75.0 million. These cable systems are primarily located in Illinois, Indiana and Missouri, serve approximately 29,500 customers and are operated as part of our Central region. The aggregate purchase price for these acquisitions was approximately $75.0 million and was paid in cash. For the year ended December 31, 1999, these systems had revenues of approximately $13.5 million. For the six months ended June 30, 2000, these systems had revenues of $6.1 million.

KALAMAZOO. In September 2000, we completed a stock-for-stock merger with Cablevision of Michigan, Inc., the owner of a cable system in Kalamazoo, Michigan. In the merger, we acquired all of the outstanding stock of Cablevision of Michigan in exchange for 11,173,376 shares of our Class A common stock valued at approximately $170.6 million. After the merger, we contributed 100% of the equity interests acquired to Charter Communications Holding Company in exchange for membership units. Charter Communications Holding Company in turn contributed these equity interests to Charter Holdings, which in turn contributed the equity interests to a subsidiary. The Kalamazoo system has approximately 48,900 customers and had revenues of approximately $20.3 million for the year ended December 31, 1999. For the six months ended June 30, 2000, the Kalamazoo system had revenues of $10.2 million.

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, 2000, approximately 83% of our customers subscribed 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 to additional channels, either individually or in packages of several channels, as add-ons to the basic channels. As of June 30, 2000, more than 22% of our customers subscribed to premium channels, with additional customers subscribing to 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. For the year ended December 31, 1999, the average monthly fee was $13.54 for our basic service. For the six months ended June 30, 2000, the average monthly fee for basic services was $13.54.

- EXPANDED BASIC CABLE. This expanded tier includes a group of satellite-delivered or non-broadcast channels, such as Entertainment and Sports Programming Network (ESPN), Cable News Network (CNN) and Lifetime Television, in addition to the basic channel line-up. For the year ended December 31, 1999, the average monthly fee was $14.88 for our expanded basic service. For the six months ended June 30, 2000, the average monthly fee for expanded tier services was $17.45.

- PREMIUM CHANNELS. These channels provide unedited, commercial-free movies, sports and other special event entertainment programming. Home Box Office, Cinemax and Showtime are typical examples. We offer subscriptions to these channels either individually or in packages. For the year ended December 31, 1999, the average monthly fee was $6.15 per premium subscription. For the six months ended June 30, 2000, the average monthly fee was $5.91 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 concert 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 $54.95.

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 convey 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 via cable modems installed in personal computers;

- WorldGate television-based Internet access, which allows customers to access the Internet through the use of our two-way capable cable plant without the need for a personal computer;

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

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

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

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

Digital service customers receive additional television programming, an interactive electronic programming guide, and up to 45 channels of digital music. We offer digital service to our customers in three different packages: Charter Digital Complete Basic(TM), Charter Digital Select(TM), and Charter Digital MVP(TM). All three packages include a digital set-top converter, the interactive programming guide, digital music channels, pay-per-view channels, local broadcast channels, regular cable channels and digital basic channels. Customers who select the Charter Digital Select package also receive one premium channel of their choice with "multiplexes." Multiplexes give customers access to several different versions of the same premium channel that are varied as to time of broadcast or programming content theme. Customers who select the Charter Digital MVP package receive four premium channels with multiplexes: HBO, Showtime, Cinemax and The Movie Channel.

As part of our pricing strategy for digital services, we have established retail rates of $34 to $56 for the Charter Digital Complete Basic package, $57 to $69 for the Charter Digital Select package, and $64 to $76 for the Charter Digital MVP Package.

As of June 30, 2000, approximately 375,000 of our customers subscribed to the digital service offered in 155 markets. As of June 30, 2000, approximately 6.5 million of our homes passed were served by cable systems capable of delivering digital services. By year-end 2000, we anticipate that digital services will be available in approximately 8.3 million homes.

VIDEO-ON-DEMAND. We are beginning to offer video-on-demand (VOD) service to some of our customers. With VOD service, customers can access hundreds of movies and other programming at any time, with digital picture quality. VOD allows customers to pause, rewind and fast-forward programs. They can also stop a program and resume watching it several hours later during the rental period. VOD service requires the use of a digital set-top converter and is offered as a standard feature of our digital service packages. Generally, customers pay for VOD on a per-selection basis.

We have signed an agreement to offer VOD to the Los Angeles and Atlanta areas and other future markets with DIVA Systems Corporation (DIVA), a company providing interactive VOD products and services to the cable industry. DIVA will provide us with hardware, software, programming and operational support as part of this agreement. We have worked with DIVA for over a year on a VOD trial with more than 6,000 customers in our Gwinnett County, Georgia cable system. VOD has now been launched in this North Atlanta system, and every new digital subscriber there receives VOD service. We intend to complete testing of DIVA's VOD service in our Los Angeles service area and launch VOD there in October 2000.

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 Internet access service to our residential customers over coaxial cable at speeds that can range up to approximately 50 times the speed of a conventional telephone modem. Furthermore, a two-way communication cable system using a hybrid fiber optic/coaxial structure can support the entire connection at cable modem speeds without the 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 in order to send signals to the provider, although such customer still receives the benefit of high speed cable access when receiving 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.

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, 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 119 markets including most of our significant operating clusters.

As of June 30, 2000, we provided Internet access service to approximately 149,300 residential customers. The following table indicates the projected availability of cable modem-based Internet access services in our systems, as of the dates indicated. Only a small percentage of our customers currently subscribe to these services.

	HOMES MADE AVAILABLE FOR ADVANCED DATA SERVICES	
	JUNE 30, 2000	DECEMBER 31, 2000
HIGH-SPEED INTERNET ACCESS VIA CABLE MODEMS:		
High Speed Access Corp.	1,868,100	2,900,000
EarthLink/Charter Pipeline	896,800	772,700
Excite@Home	958,500	757,700
Convergence.com	263,200	--
In-House/Other	600,500	523,700
Total cable modems	4,587,100	4,954,100
Internet access via WorldGate	428,800	488,800

We have a relationship with High Speed Access Corp. to offer Internet access in some of our smaller systems. High Speed Access also provides Internet access services to our customers under the Charter Pipeline brand name. Although the Internet access service is provided by High Speed Access, the Internet "domain name" of our customer's e-mail address and web site, if any, is "Charter.net," allowing the customer to switch or expand to our other Internet services without a change of e-mail address.

High Speed Access provides two different models of service to us. The network services agreement model is similar to our arrangements with EarthLink and Excite@Home described below. The full service model 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. As of June 30, 2000, we have made cable modem-based Internet access available to approximately 1,868,100 of our homes passed, and approximately 30,500 customers signed up for the service. From July 1, 2000 through the end of 2000, we anticipate making available for service approximately 1,031,900 additional homes passed. See "Certain Relationships and Related Transactions -- Business Relationships."

We have an agreement with EarthLink Network, Inc., an independent Internet service provider, to provide service marketed and branded as Charter Pipeline(TM), which is a cable modem-based, high-speed Internet access service we offer. EarthLink and MindSpring Enterprises, Inc. merged in February 2000 creating the second-largest Internet service provider (ISP) in the United States. We currently charge a monthly usage fee of between $24.95 and $74.95. Our customers have the option to lease a cable modem for $3.95 to $15 a month or to purchase a modem for between $200 and $300. As of June 30, 2000, we made EarthLink Internet access available to approximately 896,800 homes passed and had approximately 18,200 customers who subscribed to this service.

We have a revenue sharing agreement with Excite@Home, under which Excite@Home 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, 2000, we have made Excite@Home available to approximately 958,500 of our homes passed and had approximately 38,800 customers who subscribed to this service.

We also have services agreements with Convergence.com under which Convergence.com provides Internet service to customers in systems acquired in the Rifkin acquisition. The Convergence.com network provides high-speed, cable

modem-based Internet access using our cable infrastructure. As of

June 30, 2000, we have made available Convergence.com service to approximately 263,200 homes passed and had approximately 8,600 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 California Institute of Technology located in Pasadena, 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 and 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 Internet users who prefer this more user-friendly interface. 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 customers 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 five other systems. In addition, we plan to introduce it in four additional systems during 2000. As of June 30, 2000, we provided WorldGate Internet service to approximately 7,200 customers.

INTERNET PORTAL SERVICES. On October 1, 1999, Charter Communications Holding Company, Vulcan Ventures, an entity controlled by Mr. Allen, and Go2Net, Inc. entered into a joint venture to form Digeo Broadband, Inc. Digeo Broadband will provide access to the Internet through a "portal" to our customers on the digital service tier. A portal is an Internet web site that serves as a user's initial point of entry to the World Wide Web. By offering selected content, services and links to other web sites, a portal guides and directs users through the World Wide Web. In addition, the portal generates revenues from advertising on its own web pages and by sharing revenues generated by linked or featured web sites.

Revenue splits and other economic terms in this arrangement will be at least as favorable to us as terms between Digeo Broadband and any other parties. Charter Communications Holding Company has agreed to use Digeo Broadband's portal services exclusively for an initial six-year period that will begin when the portal services are launched, except that Charter Communications Holding Company's existing agreements with other Internet high-speed portal services and High Speed Access may run for their current term to the extent that such agreements do not allow for the carriage of content provided by Charter Communications Holding Company or Vulcan Ventures. The joint venture is for an initial 25-year term, subject to successive five-year renewals by mutual consent. Vulcan Ventures will own 55.2%, Charter Communications Holding Company will own 24.9% and Go2Net will own 19.9% of Digeo Broadband's equity interests and Vulcan Ventures will have voting control over the Digeo Broadband entity. Digeo Broadband's board of directors will consist of three directors designated by Vulcan Ventures and one by each of Charter Communications Holding Company and Go2Net.

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

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

Our advanced technology team continues to work with Digeo Broadband to develop our portal service. We expect to launch the service in St. Louis before the end of 2000. We do not anticipate that our participation in the Digeo Broadband joint venture will have a material adverse impact on our financial condition or results of operations for the foreseeable future.

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 3.8% equity interest in Wink.

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. We receive fees from Wink each time one of our customers uses Wink to request certain additional information or order an advertised product.

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

JOINT VENTURE WITH RCN CORPORATION. On October 1, 1999, Charter Communications Holding Company and RCN Corporation (RCN), in which Vulcan Ventures, an entity controlled by Mr. Allen, owns a 28.0% equity interest, entered into a binding term sheet containing the principal terms of a non-exclusive joint venture to provide a broad range of telephony services to the customers in our Los Angeles franchise territory. RCN is engaged in the businesses of bundling residential voice, video and Internet access operations, cable operations and certain long distance telephony operations. RCN is developing advanced fiber optic networks to provide a wide range of telecommunications services, including long distance telephone, video programming and data services, such as high-speed Internet access.

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

The term sheet contains only the principal terms of this joint venture and provides that the parties will enter into definitive agreements, which will contain, among other terms, details of the compensation to be received by RCN. To date, we have only had preliminary discussions with RCN regarding specific operational matters and have not determined a timetable for the commencement of services by the joint venture. We do not anticipate that this joint venture will have a material impact on our financial condition or results of operations in the foreseeable future.

OUR SYSTEMS

As of June 30, 2000, pro forma for the Kalamazoo transaction, our cable systems consisted of approximately 185,800 route miles, including approximately 19,400 sheath miles of fiber optic cable, passing approximately 10.1 million households and serving approximately 6.3 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, 2000, without giving effect to Kalamazoo transaction, approximately 57.2% of our customers were served by systems with at least 550 megahertz bandwidth capacity, approximately 41.2% had at least 750 megahertz bandwidth capacity and approximately 41.2% 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 and interactive program guides.

CORPORATE MANAGEMENT. Pursuant to a services agreement between Charter Communications, Inc. and Charter Investment, Inc., Charter Investment, Inc. leases the necessary personnel and provides services to manage Charter Communications Holding Company, Charter Holdings and their subsidiaries. These personnel and services are provided to Charter Communications, Inc. on a cost reimbursement basis. Management of Charter Communications, Inc. and Charter Investment, Inc. consists of approximately 350 people led by Charter Communications, Inc.'s 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 twelve operating regions. Each of the two divisions is managed by a Senior Vice President who reports to David G. Barford, Chief Operating Officer, and is responsible for overall supervision of the operating regions within the division. Mr. Barford reports directly to Mr. Kent.

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.

The following table provides an overview of customer data for each of our operating regions as of June 30, 2000.

CUSTOMER DATA AS OF JUNE 30, 2000

	CHARTER COMMUNICATIONS, INC.	2000 ACQUISITIONS	SUBTOTAL	KALAMAZOO TRANSACTION	TOTAL
WESTERN DIVISION					
Central..................	459,800	27,900	487,700	--	487,700
North Central............	424,100	377,400	801,500	--	801,500
Southern California.......	635,300	--	635,300	--	635,300
Northwest.................	476,700	--	476,700	--	476,700
Michigan..................	310,400	254,900	565,300	48,900	614,200
National..................	383,400	61,200	444,600	--	444,600
	2,689,700	721,400	3,411,100	48,900	3,460,000
EASTERN DIVISION					
Southeast.................	559,600	--	559,600	--	559,600
South-Atlantic............	382,900	--	382,900	--	382,900
Mid-South.................	549,000	--	549,000	--	549,000
Northeast.................	359,800	--	359,800	--	359,800
Gulf Coast................	419,500	--	419,500	--	419,500
Mid-Atlantic..............	532,200	--	532,200	--	532,200
	2,803,000	--	2,803,000	--	2,803,000
Total.....................	5,492,700	721,400	6,214,100	48,900	6,263,000

The following discussion provides a description of our operating regions as of June 30, 2000, pro forma for the Kalamazoo transaction.

CENTRAL REGION. The Central region consists of cable systems serving approximately 487,700 customers, of which approximately 244,000 customers reside in and around St. Louis County or in adjacent areas in Illinois. The remaining customers primarily reside in small to medium-sized communities in Missouri, Illinois and Indiana.

NORTH CENTRAL REGION. The North Central region consists of cable systems serving approximately 801,500 customers located throughout the states of Wisconsin and Minnesota. Approximately 576,000 and 225,000 customers reside in the states of Wisconsin and Minnesota, respectively. Within the state of Wisconsin, the two largest operating clusters are located in and around Madison, serving approximately 230,000 customers, and Fond du Lac, serving approximately 109,000 customers. Within the state of Minnesota, the two largest operating clusters are located in and around Rochester, serving approximately 146,000 customers, and St. Cloud, serving approximately 67,000 customers.

SOUTHERN CALIFORNIA REGION. The Southern California region consists of cable systems serving approximately 635,300 customers located in California, with approximately 514,000 customers in the

Los Angeles metropolitan area. These customers reside primarily in the communities of Pasadena, Alhambra, Glendale, Long Beach and Riverside. We also have approximately 121,000 customers in central California, principally located in the communities of San Luis Obispo and Turlock.

NORTHWEST REGION. The Northwest region was formed in connection with the Fanch and Falcon acquisitions. The Northwest region consists of cable systems serving approximately 476,700 customers in Oregon, Washington, Idaho and California. The two largest operating clusters in the Northwest region are located in and around Kennewick, Washington, serving approximately 87,000 customers, and Medford, Oregon, serving approximately 74,000 customers.

MICHIGAN REGION. The Michigan region was formed in connection with the Fanch, Avalon, Falcon and Bresnan acquisitions. Pro forma for the Kalamazoo transaction, the Michigan region consists of cable systems serving approximately 614,200 customers. The largest operating cluster in the Michigan region is located in and around Bay City, Michigan, serving approximately 134,000 customers.

NATIONAL REGION. The National region consists of cable systems serving approximately 444,600 customers residing in small to medium-sized communities in Nebraska, Texas, New Mexico, North Dakota, Kansas, Colorado, Oklahoma and Utah. Cable systems serving approximately 289,000 customers are located in Texas, of which approximately 190,000 are served by the Fort Worth, Texas operating cluster.

SOUTHEAST REGION. The Southeast region consists of cable systems serving approximately 559,600 customers residing primarily in small to medium-sized communities in North Carolina and South Carolina. There are significant clusters of cable systems in and around the cities and counties of Greenville/Spartanburg, South Carolina, serving approximately 325,000 customers, and Hickory, North Carolina, serving approximately 126,000 customers.

SOUTH-ATLANTIC REGION. The South-Atlantic region consists of cable systems serving approximately 382,900 customers residing primarily in small to medium-sized communities in Georgia and Florida. A significant cluster of cable systems is located in and around Atlanta, Georgia, serving approximately 210,000 customers.

MID-SOUTH REGION. The Mid-South region consists of cable systems serving approximately 549,000 customers in Tennessee, Kentucky and Georgia. The Mid-South region has a significant cluster of cable systems in and around Kingsport, Tennessee, serving approximately 123,000 customers.

NORTHEAST REGION. The Northeast region consists of cable systems serving approximately 359,800 customers residing in Connecticut, Massachusetts, New York and Vermont. The Northeast region has a significant cluster of cable systems in and around Worcester, Massachusetts, and Willimantic, Connecticut, serving approximately 166,000 customers.

GULF COAST REGION. The Gulf Coast region was formed in connection with the Fanch and Falcon acquisitions. The Gulf Coast region consists of cable systems serving approximately 419,500 customers in Louisiana, Mississippi and Alabama. Within Alabama, the two largest operating clusters are located in and around Birmingham, serving approximately 119,000 customers, and Montgomery, serving approximately 26,000 customers.

MID-ATLANTIC REGION. The Mid-Atlantic region consists of cable systems serving approximately 532,200 customers in Virginia, West Virginia, Ohio, Pennsylvania, New York and Maryland. The Mid-Atlantic region has significant clusters of cable systems in and around the cities of Charleston, West Virginia, serving approximately 197,000 customers, and Johnstown, Pennsylvania, serving approximately 77,000 customers.

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 $6.4 billion for capital expenditures, approximately $3.2 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 2003, based on the percentage of our customers who will have access to the bandwidths listed below and two-way capability.

	LESS THAN 550 MEGAHERTZ	550 MEGAHERTZ TO 660 MEGAHERTZ	750 MEGAHERTZ	870 MEGAHERTZ	TWO-WAY CAPABILITY
June 30, 2000...........	42.8%	16.0%	36.1%	5.1%	41.2%
December 31, 2000.......	33.2%	9.5%	49.7%	7.6%	57.3%
December 31, 2001.......	18.2%	7.3%	49.7%	24.8%	74.5%
December 31, 2002.......	6.7%	5.7%	49.7%	37.9%	87.6%
December 31, 2003.......	2.7%	5.8%	49.7%	41.8%	91.5%

We have adopted the hybrid fiber coaxial cable (HFC) architecture as the standard for our ongoing systems upgrades. 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 deliver our signals via fiber optic cable to individual nodes serving a maximum of 500 homes or commercial buildings. Currently, our average node size is approximately 380 homes per node. Our HFC architecture consists of six strands of fiber to each node, with two strands activated and four strands reserved for future services. 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 associated with coaxial cable, needed to deliver signals from the headend to the home, resulting in improved signal quality and reliability;

- reduced number of homes 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 with 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.

- 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 for 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, 2000, we maintained eighteen call centers located in our twelve regions, which are responsible for handling call volume for approximately 51% 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. As of June 30, 2000, pro forma for the Kalamazoo transaction, we employed approximately 3,100 customer service representatives. 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. As of June 30, 2000, we had approximately 5,700 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 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 market 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 channels and interactive services;

- target households based on demographic data;

- develop specialized programs to attract former customers, households that have never subscribed and to convert unauthorized users of the service to paying customers; 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.

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. 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 industry's highest success rates in attracting and retaining customers who have never before subscribed to cable services. Historically, these "nevers" are the most difficult customers to attract and retain.

PROGRAMMING

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 basic and premium service customers. We rely on extensive market research, customer demographics and local programming preferences to determine channel offerings in each of our markets.

PROGRAMMING SOURCES. We obtain basic and premium programming from a number of suppliers, usually pursuant to a written contract. Recent consolidation in the cable television industry coupled with our growth through acquisitions reduced the benefits associated with our participation in TeleSynergy. As a result of our recent acquisitions, we reviewed our programming arrangements and terminated our agreement with TeleSynergy, effective January 31, 2000. Telesynergy has since then ceased to operate. Though we no longer benefit from Telesynergy's services, such as volume discounts for purchasing programming due to Telesynergy's large buying base, we believe that our acquisitions in 1999 and 2000 and consequent increased size will significantly aid our purchasing power in the cable industry.

PROGRAMMING PRICING. 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, and are subject to negotiated renewal. 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 receive a percentage of the amount spent in home shopping purchases by our customers on channels we carry. In 1998, cash receipts from such purchases totaled approximately $220,000. In 1999, cash receipts totaled approximately $5.0 million. For the six months ended June 30, 2000, cash receipts totaled approximately $4.5 million.

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 regulations 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 believe we will, as a general matter, be able to pass increases in our programming costs to customers, although we cannot assure you that this will be possible.

RATES

Pursuant to the Federal Communications Commission's rules, we have set rates for cable-related equipment, such as converter boxes, remote control devices and installation services. These rates are based on actual costs plus an 11.25% rate of return. We have unbundled these charges from the charges for the provision of cable service.

Rates charged to our customers vary based on the market served and service selected, and are typically adjusted on an annual basis. As of June 30, 2000, the average monthly fee was $13.54 for basic service and $17.45 for expanded basic service tier. Regulation of the expanded basic service tier 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 a 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, 2000, pro forma for the Kalamazoo transaction, our systems operated pursuant to a total of approximately 4,600 franchises, permits and similar authorizations issued by local and state governmental authorities. 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 services under the franchise, which is the maximum amount that may be charged under the Communications Act.

Our franchises have terms which range from four 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 the cable franchise 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 to make certain commitments, such as technological upgrades to the system, which may require substantial capital expenditures. We cannot assure you 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.

The following table summarizes our systems' franchises by year of expiration and approximate number of basic customers as of June 30, 2000, pro forma for the Kalamazoo transaction:

YEAR OF FRANCHISE EXPIRATION	NUMBER OF FRANCHISES	PERCENTAGE OF TOTAL FRANCHISES	TOTAL BASIC CUSTOMERS	PERCENTAGE OF TOTAL CUSTOMERS
Prior to December 31, 2000	350	8%	313,100	5%
2001 to 2002	601	13%	1,002,100	16%
2003 to 2005	1,087	23%	1,252,600	20%
2006 or after	2,581	56%	3,695,200	59%
Total	4,619	100%	6,263,000	100%

Under the 1996 Telecom Act, state and local authorities are prohibited from limiting, restricting or conditioning the provision of telecommunications services. They may, however, impose "competitively neutral" requirements and manage the public rights-of-way. 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 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 can 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 merger of Tele-Communications, Inc. and AT&T and the pending merger of America Online, Inc. (AOL) and Time Warner Inc., customers will come to expect a variety of services from a single provider. While these mergers have no direct or immediate impact on our business, they encourage providers of cable and telecommunications services to expand their service offerings. They also encourage 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 an "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 and data transmission.

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 more than 13.4 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 analog cable system. DBS companies historically were prohibited from retransmitting popular local broadcast programming. However, a change to the copyright laws in November 1999 eliminated this legal impediment. As a result, DBS companies now need to secure retransmission consent from the popular broadcast stations they wish to carry, and they will face mandatory carriage obligations of less popular broadcast stations as of January 2002. In response to the legislation, DirecTV, Inc. and EchoStar Communications Corporation already have begun carrying the major network stations in the nation's top television markets. DBS, however, is limited in the local programming it can provide because of the current capacity limitations of satellite technology. It is, therefore, expected that DBS companies will offer local broadcast programming only in the larger U.S. markets in the foreseeable future. The same legislation providing for DBS carriage of local broadcast stations reduced the compulsory copyright fees paid by DBS companies and allows them to continue offering distant network signals to rural customers. In March 2000, both DirecTV and EchoStar announced that they would be capable of providing two-way high-speed Internet access by the end of this year. AOL, the nation's leading provider of Internet services has announced a plan to invest $1.5 billion in Hughes Electronics Corp., DirecTV's parent company, and these companies intend to jointly market AOL'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 mandates that incumbent telephone companies grant access to the high frequency portion of the local loop over which they provide voice services. This enables competitive carriers to provide DSL services over the same telephone lines simultaneously used by incumbent telephone companies to provide basic telephone service. However, the Federal Communications Commission does not mandate that incumbent telephone companies unbundle their internal packet switching functionality or related equipment for the benefit of competitive carriers. This functionality or equipment could otherwise be used by competitive carriers directly to provide DSL or other high-speed broadband services. We are unable to predict whether the Federal Communications Commission's decisions regarding access to the local loop or internal packet switching will be sustained upon administrative or judicial appeal, 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 systems are operated under non-exclusive franchises granted by local authorities. More than one cable system may legally be built in the same area. It is possible that a franchising authority might grant a second franchise to another cable operator and that such a franchise might contain terms and conditions more favorable than those afforded us. In addition, entities willing to establish an open video system, under which they offer unaffiliated programmers non-discriminatory access to a portion of the system's cable system may be able to avoid local franchising requirements. Well financed businesses from outside the cable industry, such as public utilities that 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. There has been an increased interest in traditional overbuilds by private companies. 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.

As of June 30, 2000, we are aware of overbuild situations in some of our cable systems. Pro forma for the Kalamazoo transaction, approximately 140,500 basic customers, or approximately 2.2% 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 other of our systems. Approximately 161,500 or 2.6% of our total customers are located in areas with potential overbuilds. 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 many of these systems to at least 750 megahertz two-way HFC architecture, and anticipate upgrading the other systems to at least 750 megahertz by December 31, 2001.

TELEPHONE COMPANIES AND UTILITIES. The competitive environment has been significantly affected by both technological developments and regulatory changes enacted under 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 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.

Several telephone companies have obtained or are seeking cable 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 or through wireless technology. 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. Although enthusiasm on the part of local exchange carriers appears to have waned in recent months, the entry of telephone companies as direct competitors in the video marketplace may become more widespread and could adversely affect the profitability and valuation of established 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 operators, local exchange carriers and others may result in providers capable of offering cable television, Internet, and telecommunications services in direct competition with us.

Additionally, we are subject to competition from utilities which possess fiber optic transmission lines capable of transmitting signals with minimal signal distortion.

PRIVATE CABLE. 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. The Federal Communications Commission ruled in 1998 that private cable operators can lease video distribution capacity from local telephone companies and distribute cable programming services over public rights-of-way without obtaining a cable franchise. In 1999, both the Fifth and Seventh Circuit Courts of Appeals upheld this Federal Communications Commission policy.

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. 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 a cable distribution plant and equipment, including signal receiving, encoding and decoding devices, headend reception facilities, distribution systems and customer drop equipment for each of our cable systems.

Our cable 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. 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 a regional data center in Town & Country, Missouri, as well as the regional office for the Northeast Region in Newtown, Connecticut and additional real estate located in Hickory, North Carolina; Hammond, Louisiana; and West Sacramento and San Luis Obispo, California. Our subsidiaries lease space for our regional data center located in Dallas, Texas and additional locations for business offices throughout our operating regions and generally own the towers on which our equipment is located. 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.

We believe that our properties are in good operating condition and are suitable for our business operations.

EMPLOYEES

Pursuant to a mutual services agreement between Charter Communications, Inc. and Charter Investment, Inc., Charter Investment leases the necessary personnel and provides services to manage Charter Communications Holding Company and its subsidiaries. These personnel and services are provided to Charter Communications, Inc. on a cost reimbursement basis. Charter Communications, Inc. currently has only fifteen employees, all of whom are senior management and are also executive officers of Charter Investment, Inc. Our management and the management of Charter Investment, Inc. consists of approximately 350 people led by Charter Communications, Inc.'s 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. See "Certain Relationships and Related Transactions."

As of June 30, 2000, our subsidiaries had approximately 12,700 full-time equivalent employees of which approximately 360 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.

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.

REGULATION AND LEGISLATION

The following summary addresses the key regulatory developments and legislation affecting the cable industry.

The operation of a cable system is extensively regulated by the Federal Communications Commission, some state governments and most local governments. 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. The 1996 Telecom Act has altered the regulatory structure governing the nation's communications providers. It removed barriers to competition in both the cable television market and the local telephone market. Among other things, it also reduced 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 required 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 were subjected to rate regulation, unless they faced "effective competition" in their local franchise area. Federal law defines "effective competition" on a community-specific basis as requiring satisfaction of conditions rarely satisfied in the current marketplace.

Although the Federal Communications Commission 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 service -- 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, 2000, pro forma for the Kalamazoo transaction, approximately 17% 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 basic rates in the future.

The Federal Communications Commission historically administered rate regulation of cable programming service tiers, which are the expanded basic programming packages that offer services other than basic programming and which typically contain satellite-delivered programming. As of June 30, 2000, pro forma for the Kalamazoo transaction, we had cable programming service tier rate complaints relating to approximately 405,000 customers pending at the Federal Communications Commission. Under the 1996 Telecom Act, however, the Federal Communications Commission's authority to regulate cable programming service tier rates sunset on March 31, 1999. The Federal

Communications Commission has taken the position that it will still adjudicate pending cable programming service tier complaints but will strictly limit its review, and possible 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 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 operators. Premium cable services offered on a per-channel or per-program basis remain unregulated. 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. As a result, the regulatory regime just discussed is now essentially applicable only to the basic service tier and cable equipment. 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 telecommunications 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 telecommunications 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 clarified that a cable operator's favorable pole rates are not endangered by the provision of Internet access, but a recent decision by the 11th Circuit Court of Appeals disagreed and suggested that Internet traffic is neither cable service nor telecommunications service and might leave cable attachments that carry Internet traffic ineligible for Pole Attachment Act protections. This decision could lead to substantial increases in pole attachment rates. The cable industry has filed an appeal, seeking en banc review by the Eleventh Circuit.

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. The Supreme Court upheld most of the Federal Communications Commission interconnection regulations but recently the Eighth Circuit Court of Appeals vacated other portions of the Federal Communication Commission's rules on slightly different grounds. We believe the Eighth Circuit's decision will be appealed, and may be overturned. Although these regulations should enable new telecommunications entrants to reach viable interconnection agreements with incumbent carriers, many issues, including which specific network elements the Federal Communications Commission can mandate that incumbent carriers make available to competitors, remain unresolved. If the Federal Communications Commission's current list of unbundled network elements is upheld on appeal, it would make it easier for us to provide telecommunications service. Similarly, if another recent Federal Communications Commission decision requiring that incumbent telephone companies permit colocation of competitors' equipment on terms favorable to competitors is sustained on administrative and judicial appeal, this decision, too, 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 several reports 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. The Federal Communications Commission recently rejected a petition by certain Internet service providers attempting to use existing modes of access that are commercially leased to gain access to cable system delivery. Finally, some states and local franchising authorities are considering the imposition of mandatory Internet access requirements as part of cable franchise renewals or transfers and a few local jurisdictions have adopted these requirements.

In June 2000, the Federal Court of Appeals for the Ninth Circuit rejected an attempt by the City of Portland, Oregon to impose mandatory Internet access requirements on the local cable operator. In reversing a contrary ruling by the lower court, the Ninth Circuit court held that Internet service was not a cable service, and therefore could not be subject to local cable franchising. At the same time, the Court suggested that at least the transport component of broadband Internet service could be subject to regulation as a "telecommunications" service. Although regulation of this form of telecommunications service would presumably be reserved for the Federal Communications Commission (which has so far resisted requests for active regulation), some states may argue that they are entitled to impose "open access" requirements pursuant to their authority over intrastate telecommunications. In addition, some local governments may argue that a cable operator must secure a local telecommunications franchise before providing Internet service.

In response to the Ninth Circuit decision, the Federal Communications Commission has announced its intention to initiate a new proceeding to categorize cable-delivered Internet service and perhaps establish an appropriate regulatory scheme. The Ninth Circuit decision is the leading case on cable-delivered Internet service at this point, but the Federal District Court for the Eastern District of Virginia reached a similar deregulatory result in a May 2000 ruling, albeit using a different legal analysis. It concluded that broadband Internet service was a cable service, but that multiple provisions of the Telecommunications Act preempted local regulation. There are other instances where "open access" requirements have been imposed and judicial challenges are pending. If regulators are allowed to impose Internet access requirements on cable operators, it could 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. Various local exchange carriers already are providing 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 reversed certain of the Federal Communications Commission's open video system rules, including its preemption of local franchising. The Federal Communications Commission subsequently revised its OVS rules to eliminate this general preemption, thereby leaving franchising discretion to state and local authorities. 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 are also prohibited. The 1996 Telecom Act provides a few limited exceptions to this buyout prohibition, including a carefully circumscribed "rural exemption." The 1996 Telecom Act also provides the Federal Communications Commission with the limited authority to grant waivers of the buyout prohibition.

ELECTRIC UTILITY ENTRY INTO TELECOMMUNICATIONS/CABLE TELEVISION. The 1996 Telecom Act provides that registered utility holding companies and subsidiaries may provide telecommunications services, including cable television, notwithstanding the Public Utility Holding Company Act. Electric utilities must establish separate subsidiaries, known as "exempt telecommunications companies" and must apply to the Federal Communications Commission for operating authority. Like telephone companies, electric utilities have substantial resources at their disposal, and could be formidable competitors to traditional cable systems. Several such utilities have been granted broad authority by the Federal Communications Commission to engage in activities which could include the provision of video programming.

ADDITIONAL OWNERSHIP RESTRICTIONS. The 1996 Telecom Act eliminates statutory restrictions on broadcast/cable cross-ownership, including broadcast network/cable restrictions, but leaves in place existing Federal Communications Commission regulations prohibiting local cross-ownership between co-located television stations and cable systems.

Pursuant to the 1992 Cable Act, the Federal Communications Commission adopted rules precluding a cable system from devoting more than 40% of its activated channel capacity to the carriage of affiliated national video program services. Also pursuant to the 1992 Cable Act, the Federal Communications Commission has adopted rules that preclude any cable operator from serving more than 30% of all U.S. domestic multichannel video subscribers, including cable and direct broadcast satellite subscribers. The D.C. District Court of Appeals recently upheld this restriction, and the Federal Communications Commission has now ruled that AT&T must divest certain cable ownership to come into compliance.

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 "must carry" status or "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. The Federal Communications Commission recently rejected a request that unaffiliated Internet service providers be found eligible for commercial leased access.

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. This prohibition is scheduled to expire in October 2002, unless the Federal Communications Commission determines that an extension is necessary to protect competition and diversity. There also has been interest expressed 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. Pursuant to the Satellite Home Viewer Improvement Act, the Federal Communications Commission has adopted regulations governing retransmission consent negotiations between broadcasters and all multichannel video programming distributors, including cable and DBS.

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 first phase implementation was July 1, 2000. Compliance was technically and operationally difficult in some locations, so we and several other cable operators filed a request at the Federal Communications Commission that the requirement be waived in those systems. The report resulted in a temporary deferral of the compliance deadline for those systems.

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 parties recently agreed to a modest increase in the copyright royalty rates, and the matter is now pending before the U.S. copyright office. 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 American Society of Composers, Authors and Publishers and Broadcast Music, Inc. The cable industry has had a long series of negotiations and adjudications with both organizations. A prior voluntarily negotiated agreement with Broadcast Music has now expired, and is subject to further proceedings. The governing rate court recently set retroactive and prospective cable industry rates for American Society of Composers music based on the previously negotiated Broadcast Music rate. Although we cannot predict the ultimate outcome of these industry proceedings 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 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 fails 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. Certain states are considering the imposition of new broadly applied telecommunications taxes.

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, states and local franchising authorities are prohibited from limiting, restricting, or conditioning the provision of competitive telecommunications services, except for certain "competitively neutral" requirements and as necessary to manage the public rights-of-way. This law should facilitate entry into competitive telecommunications services, although certain jurisdictions still may attempt to impose rigorous entry requirements. 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

The persons listed below are directors of Charter Communications, Inc. Each of the directors is elected annually.

DIRECTORS	AGE	POSITION
Paul G. Allen	47	Chairman of the Board of Directors
Jerald L. Kent	44	Director
Marc B. Nathanson	55	Director
Ronald L. Nelson	48	Director
Nancy B. Peretsman	46	Director
William D. Savoy	36	Director
Howard L. Wood	61	Director

The following sets forth certain biographical information with respect to the directors listed above.

PAUL G. ALLEN has been Chairman of the board of directors of Charter Communications, Inc. since July 1999, and Chairman of the Board of Directors of Charter Investment since December 1998. Mr. Allen, a co-founder of Microsoft Corporation, is and has been a private investor for more than five years, with economic interests in over 140 companies, each contributing to his Wired World vision. These companies include Vulcan Ventures Inc., USA Networks, Inc., Dreamworks SKG, Vulcan Programming, Inc., and Vulcan Cable III Inc. He is a director of Microsoft Corporation, USA Networks, Inc. and various private corporations.

JERALD L. KENT has been the President, Chief Executive Officer and a director of Charter Communications, Inc. since July 1999 and of Charter Investment since April 1995. He previously held the position of Chief Financial Officer of Charter Investment. Prior to co-founding Charter Investment in 1993, Mr. Kent was Executive Vice President and Chief Financial Officer of Cencom Cable Associates, Inc. Before that, he held other executive positions at Cencom. Earlier, he was with Arthur Andersen LLP, where he attained the position of tax manager. Mr. Kent is a member of the board of directors of High Speed Access Corp., Cable Television Laboratories, Inc., Com21 Inc. and C-SPAN. He is also a member of the executive committee and the board of directors of NCTA. Mr. Kent, a certified public accountant, received his undergraduate and M.B.A. degrees from Washington University.

MARC B. NATHANSON has been a director of Charter Communications, Inc. since January 2000. Mr. Nathanson is the Chairman of Mapleton Investments LLC, an investment vehicle formed in 1999. He also founded and served as Chairman and Chief Executive Officer of Falcon Holding Group, Inc., a cable operator, and its predecessors since 1975. He served as Chairman and Chief Executive Officer of Enstar Communications Corporation, a cable operator, from 1988 until November 1999. Prior to 1975, Mr. Nathanson held executive positions with Teleprompter Corporation, Warner Cable, and Cypress Communications Corporation. In 1999, he was appointed by the President of the United States, and currently serves as, Chairman of The Broadcasting Board of Governors.

RONALD L. NELSON has been a director of Charter Communications, Inc. since November 1999. Mr. Nelson is a founding member of Dream Works LLC, a multi-media entertainment company, where he has served in executive management since 1994. Prior to that time, during his 15 years at Paramount Communications Inc., he served in a variety of operating and executive positions and as a member of its board of directors. He currently serves as a member of the board of directors of Advanced Tissue Sciences, Inc. and Centre Pacific L.L.C. Mr. Nelson has a B.S. degree from the University of California at Berkeley and an M.B.A. degree from the University of California at Los Angeles.

NANCY B. PERETSMAN has been a director of Charter Communications, Inc. since November 1999. Ms. Peretsman has been a Managing Director and Executive Vice President of Allen & Company Incorporated, an investment bank unrelated to Mr. Allen, since 1995. From 1983 to 1995, she was an investment banker at Salomon Brothers Inc., where she was a Managing Director since 1990. She is a director of Priceline.com Incorporated and several privately held companies. She received a B.A. degree from Princeton University and an M.P.P.M. degree from Yale University.

WILLIAM D. SAVOY has been a director of Charter Communications, Inc. since July 1999 and a director of Charter Investment since December 1998. Since 1990, Mr. Savoy has been an officer and a director of many affiliates of Mr. Allen, including President and a director of Vulcan Ventures Inc., Vulcan Programming, Inc. and Vulcan Cable III Inc. Mr. Savoy also serves as a director of drugstore.com, inc., Go2Net, Inc., High Speed Access Corp., Metricom, Inc., Peregrine Systems, Inc., RCN Corporation, Telescan, Inc., Ticketmaster Online -- CitySearch, Inc., USA Networks, Inc., and Value America, Inc. Mr. Savoy holds a B.S. degree in computer science, accounting and finance from Atlantic Union College.

HOWARD L. WOOD has been a director of Charter Communications, Inc. since January 2000. Mr. Wood co-founded Charter Investment in 1993 and served in various executive capacities there until November 1999, when he became a consultant to Charter Communications, Inc. Prior to 1993, Mr. Wood was Chief Executive Officer of Cencom Cable Associates, Inc., where he also served in various other executive positions. Earlier he was Partner-in-Charge of the St. Louis Tax Division of Arthur Andersen LLP. He is a director of First State Community Bank, Gaylord Entertainment Company and Data Research, Inc. Mr. Wood, a certified public accountant, graduated from Washington University (St. Louis) School of Business.

COMMITTEES OF THE BOARD

An Audit Committee was formed by the board of directors of Charter Communications, Inc. in November 1999 to review and oversee Charter Communications, Inc.'s internal accounting and auditing procedures, to review audit and examination results and procedures with independent accountants, to oversee reporting of financial information, to review related party transactions, and to make recommendations to the board as to the appointment of independent accountants. The Audit Committee consists of directors Nancy Peretsman, Ron Nelson and Howard Wood.

A Compensation Committee was formed by the board in February 2000 for the purpose of reviewing and approving Charter Communications, Inc.'s compensation and benefits programs, and approving compensation for senior management. The members of the Compensation Committee are Paul Allen, Marc Nathanson, William Savoy and Howard Wood.

An Executive Committee was formed by the board in November 1999, to act in place of the full board and to exercise all powers of the full board which may lawfully be delegated when the full board of directors is not in session. The Executive Committee consists of directors Paul Allen, Jerald Kent and William Savoy.

DIRECTOR COMPENSATION

The employee directors of Charter Communications, Inc. do not receive any additional compensation for serving as a director, nor are they paid any fees for attendance at any meeting of the board of directors. Each non-employee director of Charter Communications, Inc., other than Mr. Allen, has been issued 40,000 fully vested options in consideration for agreeing to join the board of directors and may receive additional compensation to be determined. Directors may also be reimbursed for the actual reasonable costs incurred in connection with attendance at board meetings.

Mr. Kent has entered into an employment agreement with Charter Communications, Inc. Mr. Wood has entered into a consulting agreement with Charter Communications, Inc. and Mr. Nathanson is party to a letter agreement with Charter Communications, Inc. These agreements are summarized in this prospectus in the section entitled "Certain Relationships and Related Transactions."

EXECUTIVE OFFICERS

The following persons are executive officers of Charter Communications, Inc.:

EXECUTIVE OFFICERS	AGE	POSITION
Jerald L. Kent	44	President and Chief Executive Officer
David C. Andersen	51	Senior Vice President -- Communications
David G. Barford	42	Executive Vice President and Chief Operating Officer
Mary Pat Blake	45	Senior Vice President -- Marketing and Programming
Eric A. Freesmeier	47	Senior Vice President -- Administration
Thomas R. Jokerst	51	Senior Vice President -- Advanced Technology Development
Kent D. Kalkwarf	40	Executive Vice President and Chief Financial Officer
Ralph G. Kelly	43	Senior Vice President -- Treasurer
David L. McCall	45	Senior Vice President of Operations -- Eastern Division
John C. Pietri	50	Senior Vice President -- Engineering
Michael E. Riddle	41	Senior Vice President and Chief Information Officer
Steven A. Schumm	47	Executive Vice President, Assistant to the President
Curtis S. Shaw	51	Senior Vice President, General Counsel and Secretary
Stephen E. Silva	40	Senior Vice President -- Corporate Development and Technology
James (Trey) H. Smith, III	51	Senior Vice President of Operations -- Western Division

Information regarding our executive officers is set forth below.

Our executive officers, except for Mr. Andersen, Mr. Riddle and Mr. Smith, were appointed to their positions following our formation in February 1999, and became employees of Charter Communications, Inc. in November 1999. Prior to that time, they were employees of Charter Investment. All of our executive officers simultaneously serve in the same capacity with Charter Investment. The executive officers are elected by the board of directors annually following the annual meeting of shareholders, and each officer holds his or her office until his or her successor is elected and qualified or until his or her earlier resignation or removal.

JERALD L. KENT, President, Chief Executive Officer and Director of Charter Communications, Inc. Mr. Kent has held these positions with Charter Communications, Inc. since July 1999 and with Charter Investment since April 1995. He previously held the position of Chief Financial Officer of Charter Investment. Prior to co-founding Charter Investment in 1993, Mr. Kent was Executive Vice President and Chief Financial Officer of Cencom Cable Associates, Inc. Before that, he held other executive positions at Cencom. Earlier he was with Arthur Andersen LLP, where he attained the position of tax manager. Mr. Kent is a member of the board of directors of High Speed Access Corp., Cable Television Laboratories, Inc., Com21 Inc. and C-SPAN. He is also a member of the executive committee and the board of directors of NCTA. Mr. Kent, a certified public accountant, received his undergraduate and M.B.A. degrees from Washington University (St. Louis).

DAVID C. ANDERSEN, Senior Vice President -- Communications. Prior to joining Charter Communications, Inc. in May 2000, Mr. Andersen served as Vice President of Communications for CNBC, the worldwide cable and satellite business news network subsidiary of NBC. Before that, starting in 1982 when he established their public relations department, Mr. Andersen served in various management positions at Cox Communications, Inc., most recently as Vice President of Public Affairs. Mr. Andersen serves on the Board of KIDSNET, and is a former Chairman of the National Captioning Institute's Cable Advisory Board. He received a B.S. degree in Journalism from the University of Kansas.

DAVID G. BARFORD, Executive Vice President and Chief Operating Officer. Mr. Barford was appointed to his current position in July 2000, previously serving as Senior Vice President of Operations-Western Division. Prior to joining Charter Investment in 1995, Mr. Barford held various senior marketing and operating roles during nine years at Comcast Cable Communications, Inc. He received a B.A. degree from California State University, Fullerton, and an M.B.A. degree from National University.

MARY PAT BLAKE, Senior Vice President -- Marketing and Programming. Prior to joining Charter Investment in 1995, Ms. Blake was active in the emerging business sector and formed Blake Investments, Inc. in 1993. She has 18 years of experience with senior management responsibilities in marketing, sales, finance, systems, and general management. 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, Senior Vice President -- Administration. From 1986 until joining Charter Investment in 1998, Mr. Freesmeier served in various executive management positions at Edison Brothers Stores, Inc. Earlier he held management and executive positions at Montgomery Ward. Mr. Freesmeier holds a bachelor's degree from the University of Iowa and a master's degree from Northwestern University's Kellogg Graduate School of Management.

THOMAS R. JOKERST, Senior Vice President -- Advanced Technology Development. Mr. Jokerst joined Charter Investment in 1994. Previously he served as a vice president of Cable Television Laboratories and as a regional director of engineering for Continental Cablevision. He is a graduate of Ranken Technical Institute and of Southern Illinois University.

KENT D. KALKWARF, Executive Vice President and Chief Financial Officer. Mr. Kalkwarf was promoted to the position of Executive Vice President in July 2000, previously serving as Senior Vice President and Chief Financial Officer. Prior to joining Charter Investment in 1995, Mr. Kalkwarf was employed for 13 years by Arthur Andersen LLP, where he attained the position of senior tax manager. He 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, Senior Vice President --Treasurer. Prior to joining Charter Investment in 1993, Mr. Kelly was controller and then treasurer of Cencom Cable Associates. He left Charter in 1994, to become Chief Financial Officer of CableMaxx, Inc., and returned in 1996. Mr. Kelly received his bachelor's degree in accounting from the University of Missouri -- Columbia and his M.B.A. degree from Saint Louis University.

DAVID L. MCCALL, Senior Vice President of Operations -- Eastern Division. Prior to joining Charter Investment in 1995, Mr. McCall was associated with Crown Cable and its predecessor, Cencom Cable Associates, Inc., from 1983 to 1994. Mr. McCall has served as a director of the South Carolina Cable Television Association for ten years and is a member of the Southern Cable Association's Tower Club.

JOHN C. PIETRI, Senior Vice President -- Engineering. Prior to joining Charter Investment in 1998, Mr. Pietri was with Marcus Cable for 9 years, most recently serving as Senior Vice President and Chief Technical Officer. Earlier he was in operations with West Marc Communications and Minnesota Utility Contracting. Mr. Pietri attended the University of Wisconsin-Oshkosh.

MICHAEL E. RIDDLE, Senior Vice President and Chief Information Officer. Prior to joining Charter Communications, Inc. in December 1999, Mr. Riddle was Director of Applied Technologies of Cox Communications for 4 years. Prior to that, he held technical and management positions during 17 years at Southwestern Bell and its subsidiaries. Mr. Riddle attended Fort Hays State University.

STEVEN A. SCHUMM, Executive Vice President, Assistant to the President. Prior to joining Charter Investment in 1998, Mr. Schumm was Managing Partner of the St. Louis office of Ernst & Young LLP, where he was a partner for 14 of 24 years. He served as one of 10 members of the firm's National Tax Committee. Mr. Schumm earned a B.S. degree from Saint Louis University.

CURTIS S. SHAW, Senior Vice President, General Counsel and Secretary. From 1988 until he joined Charter Investment in 1997, Mr. Shaw served as corporate counsel to NYNEX. He has over 26 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. degree from Trinity College and a J.D. degree from Columbia University School of Law.

STEPHEN E. SILVA, Senior Vice President -- Corporate Development and Technology. From 1983 until joining Charter Investment in 1995, Mr. Silva served in various management positions at U.S. Computer Services, Inc. He is a member of the board of directors of High Speed Access Corp.

JAMES (TREY) H. SMITH, III, Senior Vice President of Operations -- Western Division. Mr. Smith was appointed to his current position in September 2000, previously serving as a Division President of AT&T Broadband. Before that, he was President and CEO of Rogers Cablesystems Ltd., Senior Vice President of the Western Region for MediaOne/Continental Cable and Executive Vice President of Operations for Times Mirror Cable TV, Inc. He received B.B.A. and M.B.A. degrees from Georgia State University and is a certified public accountant.

COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION

Most executive officer compensation determinations have been made based upon the recommendations of Mr. Kent. Prior to November 1999, these determinations were made by the board of directors of Charter Investment, with option grant determinations being made in conjunction with the board of directors of Charter Communications Holding Company. During this period, the board of Charter Investment included Messrs. Allen, Savoy and Kent, and the board of Charter Communications Holding Company included Messrs. Savoy and Kent. Commencing in November 1999, when Charter Communications, Inc. became the successor employer of the executive officers, the board of directors of Charter Communications, Inc. took over the role of the Charter Investment board in the decision-making process. In November 1999, the board of directors of Charter Communications, Inc. was comprised of Messrs. Allen, Savoy, Kent and Nelson, and Ms. Peretsman. Commencing in February 2000, when the Charter Communications, Inc. board of directors appointed a compensation committee comprised of Messrs. Allen, Savoy, Nathanson and Wood, executive officer compensation matters, including option grants, were delegated to the committee. No Charter Communications, Inc. executive officer currently serves on a compensation committee or any similar committee of any other public company.

EXECUTIVE COMPENSATION

The following table sets forth information regarding the compensation paid to executive officers of Charter Communications, Inc., during the fiscal years ended December 31, 1999 and 1998, including the Chief Executive Officer, each of the other four most highly compensated executive officers as of December 31, 1999, and two other highly compensated executive officers who resigned during 1999. Through the beginning of November 1999, such executive officers had received their compensation from Charter Investment. Effective in November 1999, such officers began receiving their compensation from Charter Communications, Inc. Pursuant to a mutual services agreement between Charter Communications, Inc. and Charter Investment, each of those entities leases the necessary personnel and provides services to each other, including the knowledge and expertise of their respective officers. See "Certain Relationships and Related Transactions."

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	1999	1,250,000	625,000	80,799(1)	--	--
President and Chief Executive Officer	1998	790,481	641,353	--	7,044,127	--
Steven A. Schumm(2)	1999	400,000	60,000	--	782,681	--
Executive Vice President	1998	12,307	12,300	--	--	--
David G. Barford(3)	1999	235,000	80,000	--	200,000	--
Senior Vice President of Operations -- Western Division	1998	220,000	225,000(4)	--	--	8,390,888(5)
Curtis S. Shaw	1999	200,000	80,000	--	200,000	--
Senior Vice President, General Counsel and Secretary	1998	190,000	80,000	--	--	8,178,967(5)
John C. Pietri(6)	1999	200,000	70,000	--	165,000	--
Senior Vice President -- Engineering	1998	--	--	--	--	--
Barry L. Babcock(7)	1999	623,000	--	--	65,000	385,093(8)
Former Vice Chairman	1998	575,000	925,000(9)	--	--	--
Howard L. Wood(10)	1999	311,300		--	145,000	
Former Vice Chairman	1998	575,000(11)	675,000(12)	--	--	--

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(1) Includes $55,719 paid for club membership and dues and $20,351 attributed to personal use of Charter Investment's airplane.

(2) Mr. Schumm became affiliated with Charter Investment on December 16, 1998.

(3) Mr. Barford was appointed Executive Vice President and Chief Operating Officer in July 2000.

(4) Includes $150,000 received as a one-time bonus.

(5) Received in March 1999, in connection with a one-time change of control payment under the terms of a previous equity appreciation rights plan. This payment was triggered by the acquisition of us by Mr. Allen on December 23, 1998, but was income for 1999.

(6) Mr. Pietri became affiliated with Charter Investment on January 1, 1999.

(7) Mr. Babcock resigned as an executive officer, terminated his employment and became a consultant in October 1999.

(8) Includes a bonus of $312,500 and accrued vacation of $48,077 paid in connection with termination of Mr. Babcock's employment agreement, plus $24,516 as consulting fees.

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

(10) Mr. Wood resigned as an executive officer, terminated his employment and became a consultant in November 1999.

(11) Includes a bonus of $468,750 and accrued vacation of $24,038 paid in connection with termination of Mr. Wood's employment agreement, plus $8,166 in consulting fees.

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

JUNE 30, 2000 AGGREGATED OPTION EXERCISES AND OPTION VALUE TABLE

The following table sets forth for certain executive officers information concerning options exercised from January 1, 1999, including the value realized upon exercise, the number of securities for which options were held at June 30, 2000, the value of unexercised "in-the-money" options (i.e., the positive spread between the exercise price of outstanding options and the market value of Charter Communications, Inc.'s Class A common stock on June 30, 2000), the options granted through June 30, 2000 and the value of unexercised options as of June 30, 2000.

	SECURITIES ACQUIRED ON EXERCISE	VALUE REALIZED	NUMBER OF SECURITIES UNDERLYING UNEXERCISED OPTIONS AT JUNE 30, 2000		VALUE OF UNEXERCISED IN-THE-MONEY OPTIONS AT JUNE 30, 2000(1)	
			EXERCISABLE	UNEXERCISABLE	EXERCISABLE	UNEXERCISABLE
Jerald L. Kent..........	--	--	2,641,548	4,402,579	--	--
Steven A. Schumm........	--	--	221,760	560,921	--	--
David G. Barford........	--	--	56,667	183,333	--	--
Curtis S. Shaw..........	--	--	56,667	168,333	--	--
John C. Pietri..........	--	--	46,750	143,250	--	--
Barry L. Babcock........	--	--	65,000	--	--	--
Howard L. Wood..........	--	--	145,000	--	--	--

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(1) No options were in-the-money as of June 30, 2000.

1999 OPTION GRANTS

The following table shows individual grants of options made to certain named executive officers during 1999. All such grants were made under the Charter Communications Option Plan.

NAME	NUMBER OF MEMBERSHIP UNITS UNDERLYING OPTIONS GRANTED	% OF TOTAL OPTIONS GRANTED TO EMPLOYEES IN 1999	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.....................	--	--	--	--	--	--
Steven A. Schumm...................	782,681	5.7%	$20.00	2/8/09	$9,844,478	$24,947,839
David G. Barford...................	200,000	1.5%	20.00	2/8/09	2,515,579	6,374,970
Curtis S. Shaw.....................	200,000	1.5%	20.00	2/8/09	2,515,579	6,374,970
John C. Pietri.....................	165,000	1.2%	20.00	2/8/09	2,075,352	5,259,350
Barry L. Babcock...................	65,000	0.5%	20.00	2/8/09	817,563	2,071,865
Howard L. Wood.....................	65,000	1.1%	20.00	2/8/09	817,563	2,071,865
	80,000		19.00	11/8/09	955,920	2,422,488

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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 Securities and Exchange Commission and do not represent our estimate or projection of future prices.

OPTION PLAN

The Charter Communications Option Plan was adopted in February 1999. This plan provides for the grant of options to purchase up to 25,009,798 membership units in Charter Communications Holding Company. Under the terms of the plan, each membership unit acquired as a result of the exercise of options will be exchanged automatically for shares of Class A common stock of Charter Communications, Inc. on a one-for-one basis. The plan provides for grants of options to current and prospective employees and consultants of Charter Communications Holding Company and its affiliates and current and prospective non-employee directors of Charter Communications, Inc. 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. The options expire after ten years from the date of grant. Under the plan, the plan administrator has the discretion to accelerate the vesting of any options.

The following table shows options outstanding under The Charter Communications Option Plan:

DATE OF GRANT	OUTSTANDING OPTIONS	EXERCISE PRICE	VESTED AS OF JULY 31, 2000
February 9, 1999	8,162,696	$20.00	2,647,599(1)
April 5, 1999	366,062	20.73	99,850(2)
November 8, 1999	4,203,000	19.00	240,000(3)
February 15, 2000	5,182,000	19.47	--(4)
May 1, 2000	1,415,600	15.03	--(5)
July 26, 2000	1,469,800	14.31	--(6)
Total outstanding options	20,799,158		2,987,449

(1) On the 3rd day of each month, 1/45 of the remaining options vest.

(2) One-fourth of the options granted on April 5, 1999 vested on July 5, 2000, the 15-month anniversary of April 5, 1999, with the remainder vesting 1/45 on each monthly anniversary for 45 months following July 5, 2000.

(3) One-fourth of the options granted on November 8, 1999 will vest on February 8, 2001, the 15-month anniversary of November 8, 1999, with the remainder vesting 1/45 on each monthly anniversary for 45 months following February 8, 2001.

(4) One-fourth of the options granted on February 15, 2000 will vest on May 15, 2001, the 15-month anniversary of February 15, 2000, with the remainder vesting 1/45 on each monthly anniversary for 45 months following May 15, 2001.

(5) One-fourth of the options granted on May 1, 2000 vest on August 1, 2001, the 15-month anniversary of May 1, 2000, with the remainder vesting 1/45 on each monthly anniversary for 45 months following August 1, 2001.

(6) One-fourth of the options granted on July 26, 2000 vest on October 26, 2001, the 15-month anniversary of July 26, 2000, with the remainder vesting 1/45 on each monthly anniversary for 45 months following October 26, 2001.

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 U.S. federal 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 transaction 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.

If an optionee's employment with or service to Charter Communications Holding Company or its affiliates is terminated other than for cause, the optionee has the right to exercise any vested options within sixty days of the termination of employment. After this sixty-day period, all vested and unvested options held by the optionee are automatically canceled. If an optionee's employment or service is terminated for cause, any unexercised options are automatically canceled. In this case, Mr. Allen, or, at his option, Charter Communications Holding Company will have the right for ninety days after termination to purchase all membership units held by the optionee for a purchase price equal to the exercise price at which the optionee acquired the membership units, or the optionee's purchase price for the membership units if they were not acquired on the exercise of an option.

In the event of an optionee's death or disability, all vested options may be exercised until the earlier of their expiration and one year after the date of the optionee's death or disability. Any options not so exercised will automatically be canceled. Upon termination for any other reason, all unvested options will immediately be canceled and the optionee will not be entitled to any payment. All vested options will be automatically canceled if not exercised within ninety days after termination.

LIMITATION OF DIRECTORS' LIABILITY AND INDEMNIFICATION MATTERS. Charter Communications, Inc.'s restated certificate of incorporation limits 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 shareholders;

(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 we will indemnify all persons whom we may indemnify pursuant thereto to the fullest extent permitted by law.

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 SHAREHOLDERS

The following table sets forth certain information regarding beneficial ownership of Charter Communications, Inc. common stock and Charter Communications Holding Company common membership units as of August 31, 2000 by:

- the directors of Charter Communications, Inc.;

- each of the executive officers of Charter Communications, Inc. named in the summary compensation table;

- all current directors and executive officers as a group; and

- each person known by us to own beneficially 5% or more of the outstanding shares of Charter Communications, Inc. common stock and shares of common stock issuable upon exchange of Charter Communications Holding Company membership units that are issuable upon exercise of options that are vested or will vest within 60 days or upon exchange of membership units held in a subsidiary of Charter Holdings.

With respect to the percentage of voting power of Charter Communications, Inc. set forth in the following table:

- each holder of Class A common stock is entitled to one vote per share; and

- each holder of Class B common stock is entitled to a number of votes based on the number of outstanding Class B common stock and outstanding membership units exchangeable for Class B common stock. For example, Mr. Allen is entitled to ten votes for each share of Class B common stock held by him or his affiliates and ten votes for each membership unit held by him or his affiliates.

NAME AND ADDRESS OF BENEFICIAL OWNER	NUMBER OF CLASS A SHARES BENEFICIALLY OWNED(1)	PERCENTAGE OF SHARES BENEFICIALLY OWNED(2)	PERCENTAGE OF VOTING POWER(3)
Paul G. Allen(4)(5)(7)	332,469,275	60.1%	93.5%
Charter Investment, Inc.(6)	217,585,246	48.7%	*
Vulcan Cable III Inc.(4)(7)	106,715,233	31.8%	*
Jerald L. Kent(8)	3,397,311	1.4%	*
Howard L. Wood(9)	145,000	*	*
Marc B. Nathanson(10)	9,829,806	4.1%	*
Ronald L. Nelson(11)	57,500	*	*
Nancy B. Peretsman(12)	50,000	*	*
William D. Savoy(13)	602,165	*	*
Steven A. Schumm(14)	290,682	*	*
David G. Barford(15)	75,833	*	*
Curtis S. Shaw(15)	78,333	*	*
John C. Pietri(16)	65,500	*	*
Barry L. Babcock(17)	65,000	*	*
All current directors and executive officers as a group (21 persons)(18)	347,131,114	61.1%	93.9%
Janus Capital Corporation(19)	15,958,030	6.5%	*
TCID of Michigan, Inc.(20)	15,117,743	6.1%	*

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* Less than 1%.

(1) Beneficial ownership is determined in accordance with Rule 13d-3. The named holders of Charter Communications, Inc. Class B common stock and of Charter Communications Holding Company membership units are deemed to be beneficial owners of an equal number of shares of Charter Communications, Inc. Class A common stock because such holdings are either convertible for (in the case of Class B shares) or exchangeable into (in the case of the membership units) shares of Class A common stock on a one-for-one basis. Unless otherwise noted, the named holders have sole investment and voting power with respect to the shares listed as beneficially owned.

(2) The calculation of this percentage assumes for each person that: the 50,000 shares of Class B common stock held by Mr. Allen have been converted into shares of Class A common stock; all shares of Class A common stock that such person has the right to acquire upon exchange of Charter Communications Holding Company membership units upon exercise of options that have vested or will vest within 60 days have been acquired; and that none of the other listed persons or entities has received any shares of common stock that are issuable to him or her pursuant to the exercise of options or otherwise.

(3) The calculation of this percentage assumes that Mr. Allen's equity interests are retained in the form that maximizes voting power (i.e., the 50,000 shares of Class B common stock held by Mr. Allen have not been converted into shares of Class A common stock; that the membership units of Charter Communications Holding Company owned by Vulcan Cable III have not been exchanged for shares of Class A common stock; and that the membership units of Charter Communications Holding Company owned by Charter Investment have not been exchanged for shares of Class A common stock).

(4) The address of these persons is 110 110th Street, NE, Suite 550, Bellevue, WA 98004.

(5) The total listed is comprised of 217,585,246 membership units held by Charter Investment, Inc.; 106,715,233 membership units held by Vulcan Cable III; 8,118,796 shares of Class A common stock held directly by Mr. Allen; and 50,000 shares of Class B common stock held directly by Mr. Allen (100% of the Class B common stock issued and outstanding).

(6) The address of this person is Charter Communications, Inc., 12444 Powerscourt Drive, Suite 100, St. Louis, MO 63131.

(7) Of the total number of membership units in Charter Communications Holding Company held by Vulcan Cable III, 562,165 membership units are subject to options granted by Vulcan Cable III to Mr. Savoy that have vested or will vest within 60 days.

(8) The total listed is comprised of 3,375,311 shares of Class A common stock issuable upon the exchange of membership units that are issuable upon the exercise of options that have vested or will vest within 60 days, and 22,000 shares of Class A common stock held directly by Mr. Kent.

(9) Represents 145,000 shares of Class A common stock issuable upon exchange of membership units that are issuable upon exercise of options that have vested.

(10) The total listed includes 40,000 shares of Class A common stock issuable upon exchange of membership units that are issuable upon exercise of options that have vested. Also includes 9,789,806 shares of Class A common stock as follows: 3,951,636 shares for which Mr. Nathanson has sole investment and voting power, 5,444,861 shares for which he has shared voting and investment power; and 393,309 shares for which he has sole investment power and shared voting power. The address of this person is c/o Falcon Holding Group, Inc. and Affiliates, 10900 Wilshire Blvd., Los Angeles, CA 90024.

(11) The total listed includes 40,000 shares of Class A common stock issuable upon the exchange of membership units that are issuable upon exercise of options that have vested, and 2,500 shares held as custodian for a minor as to which Mr. Nelson disclaims beneficial ownership.

(12) The total listed includes 40,000 shares of Class A common stock issuable upon the exchange of membership units that are issuable upon exercise of options that have vested.

(13) The total listed is comprised of 40,000 shares of Class A common stock issuable upon the exchange of membership units that are issuable upon exercise of options that have vested and 562,165 shares of Class A common stock that Mr. Savoy would receive upon exercise of options from Vulcan Cable III to purchase such shares that have vested or will vest within 60 days.

(14) The total listed includes 286,982 shares of Class A common stock issuable upon the exchange of membership units that would be issued upon exercise of options that have vested or will vest within 60 days and 3,700 shares for which Mr. Schumm has shared investment and voting power.

(15) The total listed includes 73,333 shares of Class A common stock issuable upon the exchange of membership units that are issuable upon exercise of options that have vested or will vest within 60 days.

(16) The total listed includes 60,500 shares of Class A common stock issuable upon exchange of membership units that are issuable upon exercise of options that have vested or will vest within 60 days.

(17) Represents 65,000 shares of Class A common stock issuable upon exchange of membership units that would be issued upon exercise of options that have vested.

(18) The total listed is comprised of 50,000 shares of Class B common stock convertible into shares of Class A common stock on a one-for-one basis; 18,079,177 shares of Class A common stock; 324,300,479 shares of Class A common stock issuable upon the exchange of Class B common stock from outstanding Charter Communications Holding Company membership units; and 4,701,458 shares of Class A common stock issuable upon exchange of Class B common stock from membership units that are issuable upon exercise of options that have vested or will vest within 60 days.

(19) As reported in Schedule 13G provided to Charter Communications, Inc. on February 16, 2000, Janus Capital Corporation is a registered investment advisor that provides investment advice to investment companies and other clients. As a result of being an investment advisor, Janus Capital may be deemed to beneficially own shares held by its clients. As indicated in the Schedule 13G, Mr. Thomas Bailey, President, Chairman of the Board and 12.2% shareholder of Janus Capital disclaims beneficial ownership with respect to such shares. The address of these persons is 100 Fillmore St., Denver, Colorado 80206-4923.

(20) Represents shares of Class A common stock issuable upon exchange of preferred membership units held in an indirect subsidiary of Charter Holdings.

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

The following sets forth certain transactions in which we and our directors, executive officers and affiliates and the directors and executive officers of Charter Communications, 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 assumed liabilities. On February 22, 1999, Marcus Holdings was formed, and all of Mr. Allen's interests in Marcus Cable were transferred to Marcus Holdings on March 15, 1999. On March 31, 1999, Mr. Allen completed the acquisition of all remaining interests in Marcus Cable.

On December 23, 1998, Mr. Allen acquired approximately 94% of the equity of Charter Investment, Inc. for an aggregate purchase price of approximately $2.2 billion, excluding $2.0 billion in debt assumed. On February 9, 1999, Charter Holdings was formed as a wholly owned subsidiary of Charter Investment. On February 10, 1999, Charter Operating was formed as a wholly owned subsidiary of Charter Holdings. In April 1999, Mr. Allen merged Marcus Holdings into Charter Holdings, and the operating subsidiaries of Marcus Holdings and all of the cable systems they owned came under the ownership of Charter Holdings, and, in turn, Charter Operating. On May 25, 1999, Charter Communications Holding Company was formed as a wholly owned subsidiary of Charter Investment, Inc. All of Charter Investment'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.

At the time Charter Holdings issued $3.6 billion in principal amount of notes in March 1999, this merger had not yet occurred. Consequently, Marcus Holdings was a party to the indentures governing the March 1999 Charter Holdings notes as a guarantor of Charter Holdings' obligations. Charter Holdings loaned some of the proceeds from the sale of the March 1999 Charter Holdings 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 governing the March 1999 Charter Holdings notes as collateral for the equal and ratable benefit of the holders of the March 1999 Charter Holdings notes. Upon the closing of the merger, and in accordance with the terms of the March 1999 Charter Holdings notes and the indentures governing the March 1999 Charter Holdings notes:

- 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 March 1999 Charter Holdings notes were automatically released.

MANAGEMENT AGREEMENTS WITH CHARTER COMMUNICATIONS, INC.

PREVIOUS MANAGEMENT AGREEMENTS. Prior to March 18, 1999, pursuant to a series of management agreements with certain of our subsidiaries, Charter Investment provided management and consulting services to those subsidiaries. In exchange for these services, Charter Investment 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. Certain deferred portions of management fees bore interest at the rate of 8% per annum. Following the closing of Charter Operating's current credit facilities, the previous management agreements were replaced by a revised management agreement. The material terms of our previous management agreements are substantially similar to the material terms of the revised management agreement.

PREVIOUS MANAGEMENT AGREEMENT WITH MARCUS. On October 6, 1998, Marcus Cable entered into a management consulting agreement with Charter Investment pursuant to which Charter Investment 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 Charter Operating's current credit facilities, this agreement was terminated and the subsidiaries of Marcus Cable began to receive management and consulting services from Charter Investment under the revised management agreement described below.

THE REVISED MANAGEMENT AGREEMENT. On February 23, 1999, Charter Investment entered into a revised management agreement with Charter Operating, which was amended and restated as of March 17, 1999. Upon the closing of Charter Operating's credit facilities on March 18, 1999, our previous management agreements and the management consulting agreement with Marcus Cable terminated and the revised management agreement became operative. Under the revised management agreement, Charter Investment agreed to manage the operations of the cable television systems owned by Charter Operating's subsidiaries, as well as any cable television systems Charter Operating subsequently acquires. The term of the revised management agreement is ten years.

The revised management agreement provided that Charter Operating would pay Charter Investment a management fee equal to its actual costs to provide these services and a management fee of 3.5% of gross revenues. Gross revenues include all revenues from the operation of Charter Operating's cable systems, including, without limitation, subscriber payments, advertising revenues, and revenues from other services provided by Charter Operating's cable systems. Gross revenues do not include interest income or income from investments unrelated to our cable systems.

Payment of the management fee to Charter Investment is permitted under Charter Operating's current credit facilities, but ranks below Charter Operating's payment obligations under its 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 December 31, 1999, no interest had accrued.

Pursuant to the terms of the revised management agreement, Charter Operating agreed to indemnify and hold harmless Charter Investment 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 under all management agreements were as follows:

	FEES PAID	TOTAL FEES EARNED
	(IN THOUSANDS)	
Six months ended June 30, 2000	$33,154	$27,515
Year Ended December 31, 1999	48,528	54,330
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, 2000, approximately $19.8 million remains unpaid under all management agreements.

ASSIGNMENT AND AMENDMENT OF REVISED CHARTER OPERATING MANAGEMENT AGREEMENT. On November 12, 1999, Charter Investment assigned to Charter Communications, Inc. all of its rights and obligations under the revised Charter Operating management agreement. In connection with the assignment, the revised Charter Operating management agreement was amended to eliminate the 3.5% management fee. Under the amended agreement, Charter Communications, Inc. is 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 services under the amended agreement, with no cap on the amount of reimbursement.

MANAGEMENT AGREEMENT WITH CHARTER COMMUNICATIONS HOLDING COMPANY. On November 12, 1999, Charter Communications, Inc. entered into a management agreement with Charter Communications Holding Company. Under this agreement, Charter Communications, Inc. manages and operates the cable television systems owned or to be acquired by Charter Communications Holding Company and its subsidiaries, to the extent such cable systems are not subject to management agreements between Charter Communications, Inc. and specific subsidiaries of Charter Communications Holding Company.

The terms of this management agreement are substantially similar to the terms of the Charter Operating management agreement. Charter Communications, Inc. is entitled to reimbursement from Charter Communications Holding Company for all expenses, costs, losses, liabilities and damages paid or incurred by Charter Communications, Inc. in connection with the performance of its services, which expenses will include any fees Charter Communications, Inc. is obligated to pay under the mutual services agreement described below. There is no cap on the amount of reimbursement to which Charter Communications, Inc. is entitled.

MUTUAL SERVICES AGREEMENT WITH CHARTER INVESTMENT, INC. Charter Communications, Inc. has only fifteen employees, all of whom are also executive officers of Charter Investment. Effective November 12, 1999, Charter Communications, Inc. and Charter Investment entered into a mutual services agreement pursuant to which each entity leases the necessary personnel and provides services to the other as may be reasonably requested in order to manage Charter Communications Holding Company and to manage and operate the cable systems owned by its subsidiaries, including Charter Holdings. In addition, officers of Charter Investment also serve as officers of Charter Communications, Inc. The officers and employees of each entity are available to the other to provide the services described above. All expenses and costs incurred with respect to the services provided are paid by Charter Communications, Inc. Charter Communications, Inc. will indemnify and hold harmless Charter Investment and its directors, officers and employees from and against any and all claims that may be made against any of them in connection with the mutual services agreement except due to its or their gross negligence or willful misconduct. The term of the mutual services agreement is ten years, commencing on November 12, 1999, and the agreement may be terminated at any time by either party upon thirty days' written notice to the other.

FALCON MANAGEMENT AGREEMENT. On November 12, 1999, Falcon Cable Communications, a parent company of the Falcon operating companies, entered into a management consulting agreement with Charter Communications, Inc. pursuant to which Charter Communications, Inc. agreed to provide certain management and consulting services to Falcon and its subsidiaries. The term of the management agreement is ten years. The management agreement provides that Falcon will pay Charter Communications, Inc. a management fee equal to its actual costs to provide these services but limited to 5% of gross revenues.

Gross revenues include all revenues from the operation of Falcon's cable systems, including, without limitation, subscriber payments, advertising revenues, and revenues from other services provided by Falcon's cable systems. Gross revenues do not include interest income or income from investments unrelated to cable systems.

Payment of the management fee is subject to certain restrictions under the Falcon credit facilities. In the event any portion of the management fee due and payable is not paid by Falcon, 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.

FANCH MANAGEMENT AGREEMENT. On November 12, 1999, CC VI Operating Company, LLC, the parent company of the Fanch operating companies, entered into a management consulting agreement with Charter Communications, Inc. pursuant to which Charter Communications, Inc. agreed to provide certain management and consulting services to Fanch and its subsidiaries. The term of the management agreement is ten years. The management agreement provides that Fanch will pay Charter Communications, Inc. a management fee equal to its actual costs to provide these services but limited to 5% of gross revenues.

Gross revenues include all revenues from the operation of Fanch's cable systems, including, without limitation, subscriber payments, advertising revenues, and revenues from other services provided by Fanch's cable systems. Gross revenues do not include interest income or income from investments unrelated to cable systems.

Payment of the management fee is subject to certain restrictions under the Fanch credit facilities. In the event any portion of the management fee due and payable is not paid by Fanch, 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.

AVALON MANAGEMENT ARRANGEMENT. Under the Avalon limited liability company agreements, Charter Communications, Inc. agreed to provide certain management and consulting services to CC Michigan, CC New England and their subsidiaries. Under these arrangements, CC Michigan and CC New England will pay Charter Communications, Inc. a management fee equal to its actual costs to provide these services but limited to 2% of gross revenues.

Gross revenues include all revenues from the operation of the Avalon cable systems, including, without limitation, subscriber payments, advertising revenues, and revenues from other services provided by Avalon's cable systems. Gross revenues do not include interest income or income from investments unrelated to cable systems.

Payment of the management fee is permitted under the current credit facilities of CC Michigan and CC New England, but ranks below the senior debt of such companies and shall not be paid except to the extent allowed under such credit facilities. In the event any portion of the management fee due and payable is not paid by CC Michigan or CC New England, 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.

BRESNAN MANAGEMENT AGREEMENT. On February 14, 2000, CC VIII Operating LLC, parent of the Bresnan cable systems, and several wholly owned subsidiaries, entered into a management consulting agreement with Charter Communications, Inc. pursuant to which Charter Communications, Inc. agreed to provide certain management and consulting services to the Bresnan cable systems. The management agreement provides that Bresnan will pay Charter Communications, Inc. a management fee equal to its actual cost to provide these services without limitation as to the amount. The term of the management agreement is ten years.

Payment of the management fee is subject to certain restrictions under the Bresnan credit facilities. In the event that any portion of the management fee due and payable is not paid by Bresnan, 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.

CONSULTING AGREEMENT

On March 10, 1999, Charter Holdings entered into a consulting agreement with Vulcan Northwest and Charter Investment. Pursuant to the terms of the consulting agreement, Charter Holdings retained Vulcan Northwest and Charter Investment 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 affiliates. 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 are Charter Holdings' responsibility and must be reimbursed. Charter Holdings must also pay Vulcan Northwest and Charter Investment a fee for their services rendered for each acquisition made by Charter Holdings or any of its affiliates. This fee equals 1% of the aggregate value of such acquisition. Neither Vulcan Northwest nor Charter Investment received or will receive a fee in connection with the American Cable, Renaissance, Greater Media, Helicon, Vista, Cable Satellite, InterMedia, Rifkin, Avalon, Falcon, Fanch, Bresnan, Interlake, Farmington, Capital Cable and Kalamazoo acquisitions. Charter Holdings has also agreed to indemnify and hold harmless Vulcan Northwest and Charter Investment, and their respective officers, directors, shareholders, 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 MR. ALLEN

On December 21, 1998, Mr. Allen contributed approximately $431 million to Charter Investment and received non-voting common stock of Charter Investment. Such non-voting common stock was converted to voting common stock on December 23, 1998. The $431 million contribution was used to redeem stock of certain shareholders in Charter Investment.

On December 23, 1998, Mr. Allen contributed approximately $1.3 billion to Charter Investment and received voting common stock of Charter Investment. Additionally, Charter Investment 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 in March 1999. No interest on such bridge loan was accrued or paid by Charter Investment. 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. The $1.3 billion and $223.5 million contributions by Mr. Allen were used by Charter Investment to purchase the remaining interest in CCA Group and CharterComm Holdings.

On January 5, 1999, Charter Investment 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 in March 1999. No interest on such bridge loan was accrued or paid by Charter Investment. On the same date, Mr. Allen also acquired additional voting common stock of Charter Investment 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 borrowed $25 million in the form of a bridge loan from Mr. Allen. This bridge loan was contributed by Mr. Allen to Charter Investment in March 1999. No interest on such bridge loan was accrued or paid by Charter Investment.

On March 16, 1999, Mr. Allen contributed approximately $124.8 million in cash to Charter Investment. In connection with this contribution and the contribution of the three bridge loans described above, Mr. Allen received 11,316 shares of common stock of Charter Investment.

All other contributions to Charter Investment by Mr. Allen were used in operations of Charter Investment and were not contributed to Charter Holdings.

On August 10, 1999, Vulcan Cable III Inc. purchased 24.1 million Charter Communications Holding Company 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 Charter Communications Holding Company membership units. Charter Communications Holding Company in turn contributed the cash and equity interests to Charter Holdings.

As part of the membership interests purchase agreement, Vulcan Ventures Incorporated, Charter Communications, Inc., Charter Investment 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 megahertz or more. If the system offers digital services but has less than 550 megahertz of capacity, then the programming services will be equitably reduced. Upon request of Vulcan Ventures, we will attempt to reach a comprehensive programming agreement pursuant to which we will pay the programmer, if possible, a fee per digital subscriber. If such fee arrangement is not achieved, then we and the programmer shall enter into a standard programming agreement. We believe that this transaction is on terms at least as favorable to us as Mr. Allen would negotiate with other cable operators.

In November 1999, in connection with Charter Communications, Inc.'s initial public offering, Mr. Allen, through Vulcan Cable III Inc., purchased $750 million of membership units of Charter Communications Holding Company at a per membership unit price equal to the net initial public offering price.

During the second and third quarters of 1999, one of our subsidiaries sold interests in several airplanes to Mr. Allen for approximately $8 million. We believe that the purchase price paid by Mr. Allen for these interests was the fair market price.

ALLOCATION OF BUSINESS OPPORTUNITIES WITH MR. ALLEN

As described under "-- Business Relationships," Mr. Allen and a number of his affiliates have interests in various entities that provide services or programming to a number of our subsidiaries. Given the diverse nature of Mr. Allen's investment activities and interests, and to avoid the possibility of future disputes as to potential business, Charter Communications Holding Company and Charter Communications, Inc., under the terms of their respective organizational documents, may not, and may not allow their subsidiaries to, engage in any business transaction outside the cable transmission business except for the joint venture with Digeo Broadband, Inc., incidental businesses engaged in as of the closing of the initial public offering of Charter Communications, Inc. and as an owner and operator of the business of Chat TV. This restriction will remain in effect until all of the shares of Charter Communications, Inc.'s high-vote Class B common stock have been converted into shares of Class A common stock due to Mr. Allen's equity ownership falling below specified threshholds.

Should Charter Communications, Inc. or Charter Communications Holding Company wish to pursue, or allow their subsidiaries to pursue, a business transaction outside of this scope, it must first offer Mr. Allen the opportunity to pursue the particular business transaction. If he decides not to do so and consents to Charter Communications, Inc., Charter Communications Holding Company or any of their subsidiaries engaging in the business transaction, it will be able to do so. In any such case, the respective restated certificate of incorporation and the amended and restated limited liability company agreement of Charter Communications, Inc. and Charter Communications Holding Company would be amended accordingly to appropriately modify the current restrictions on their ability to engage in any business other than the cable transmission business. The cable transmission business means the business of transmitting video, audio, including telephony, and data over cable television systems owned, operated or managed by Charter Communications, Inc., Charter Communications Holding Company or any of their subsidiaries from time to time. The businesses of RCN Corporation, a company in which Mr. Allen has made a significant investment, are not considered cable transmission businesses under these provisions. See "-- Business Relationships -- RCN Corporation."

Under Delaware corporate law, each director of Charter Communications, Inc., including Mr. Allen, is generally required to present to Charter Communications, Inc. any opportunity he or she may have to acquire any cable transmission business or any company whose principal business is the ownership, operation or management of cable transmission businesses so that we may determine whether we wish to pursue such opportunities. However, Mr. Allen and the other directors generally will not have an obligation to present to Charter Communications, Inc. other business opportunities and they may exploit such opportunities for their own account.

ASSIGNMENTS OF ACQUISITIONS

On January 1, 1999, Charter Investment entered into a membership purchase agreement with ACEC Holding Company, LLC for the acquisition of American Cable. On February 23, 1999, Charter Investment 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 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 assigned its rights and obligations under this agreement to one of our subsidiaries, Charter Communications Entertainment I, LLC. The acquisition of the Greater Media systems was completed in June 1999.

On April 26, 1999, Charter Investment entered into a purchase and sale agreement with InterLink Communications Partners, LLLP and the other sellers listed on the signature pages of the agreement. On June 30, 1999, Charter Investment assigned its rights and obligations under this agreement to Charter Operating. The acquisition contemplated by these agreements was completed in September 1999.

On April 26, 1999, Charter Investment entered into a purchase and sale agreement with Rifkin Acquisition Partners L.L.L.P and the other sellers listed on the signature pages of the agreement. On

June 30, 1999, Charter Investment assigned its rights and obligations under this agreement to Charter Operating. The acquisition contemplated by these agreements was completed in September 1999.

On April 26, 1999, Charter Investment entered into the RAP indemnity agreement with InterLink Communications Partners, LLLP and the other sellers and InterLink partners listed on the signature pages of the agreement. On June 30, 1999, Charter Investment assigned its rights and obligations under this agreement to Charter Operating.

In May 1999, Charter Investment entered into the Falcon purchase agreement. As of June 22, 1999, pursuant to the first amendment to the Falcon purchase agreement, Charter Investment assigned its rights under the Falcon purchase agreement to Charter Communications Holding Company.

In May 1999, Charter Investment entered into the Fanch purchase agreement. On September 21, 1999, Charter Investment 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 June 1999, Charter Communications Holding Company entered into the Bresnan purchase agreement. In February 2000, Charter Communications Holding Company assigned its rights under the Bresnan purchase agreement to purchase certain assets to Charter Holdings and Charter Holdings accepted such assignment and assumed all obligations of Charter Communications Holding Company under the Bresnan purchase agreement with respect to those assets.

INTERCOMPANY LOANS

In November 1999, Charter Communications Holding Company loaned $856.0 million to Charter Operating. In January 2000, Charter Communications Holding Company loaned an additional $66.0 million to Charter Operating. In February and March 2000, Charter Operating repaid $890 million. The remaining balance of $32.0 million was repaid in May 2000.

In November 1999, Charter Communications Holding Company loaned $21.0 million to CC VI Operating Company, LLC, maturing November 30, 2009. The funds were used by CC VI Operating Company to pay down a portion of amounts outstanding under the Fanch credit facilities. Effective December 31, 1999, Charter Communications Holding Company forgave the amounts outstanding, including accrued and unpaid interest of approximately $314,000, and contributed such amounts to CC VI Holdings, LLC, the parent company of the Fanch companies.

In November 1999, Charter Communications Holding Company loaned $173.0 million to Falcon Cable Communications, LLC. In January 2000, Charter Communications Holding Company loaned an additional $373.0 million to Falcon Cable Communications with an interest rate of 7.54%. In February 2000, Falcon Cable Communications repaid all outstanding balances.

In November and December 1999, Charter Communications Holding Company loaned $12.0 million to Charter Operating. As of June 30, 2000, $5.0 million with an interest rate of 7.830% remained outstanding. In July 2000, $1.0 million was repaid, and the remaining $4.0 million was repaid in August 2000.

EMPLOYMENT AND CONSULTING AGREEMENTS

Effective as of December 23, 1998, Jerald L. Kent entered into an employment agreement with Mr. Allen for a three-year term with automatic one-year renewals. Mr. Allen assigned the employment agreement to Charter Investment as of December 23, 1998. Charter Investment subsequently assigned Mr. Kent's employment agreement to Charter Communications, Inc. and Charter Communications, Inc. has assumed all rights and obligations of Charter Investment under the agreement, except with respect to the grant of options which were granted by Charter Communications Holding Company.

Under this agreement, Mr. Kent has agreed to serve as President and Chief Executive Officer of Charter Communications, Inc., with responsibility for the nationwide general management, administration and operation of all present and future business of Charter Communications, Inc. and its subsidiaries. During the initial term of the agreement, Mr. Kent receives an annual base salary of $1,250,000, or such higher rate as may from time to time be determined by Charter Communications, Inc.'s board of directors in its discretion. In addition, Mr. Kent is 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 Communications, Inc. Mr. Kent will be reimbursed by Charter Communications, Inc. for life insurance premiums up to $30,000 per year, and is granted personal use of the corporate airplane. Mr. Kent also is entitled to the use of a car valued at up to $100,000 and the fees and dues for his membership in a country club of his choice. Mr. Kent did not avail himself of the use of a car, nor was he reimbursed for life insurance premiums, in 1999.

Also under this agreement and a related agreement with Charter Communications Holding Company, Mr. Kent received options to purchase 7,044,127 Charter Communications Holding Company membership units with an exercise price of $20.00. The options have a term of ten years and vested 25% on December 23, 1998. The remaining 75% vest 1/36 on the first day of each of the 36 months commencing January 1, 2000. The terms of these options provide that immediately following the issuance of membership units received upon exercise of such options, these units will be automatically exchanged for shares of Charter Communications, Inc. Class A common stock on a one-for-one basis.

The agreement further provides that Charter Communications, Inc. will 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.

If the agreement expires because Charter Communications, Inc. gives Mr. Kent notice of its intention not to extend the initial term, or if the agreement is terminated by Mr. Kent for good reason or by Charter Communications, Inc. without cause:

- Charter Communications, Inc. will pay to Mr. Kent an amount equal to the aggregate base salary due to Mr. Kent for the remaining term and the board of directors will consider additional amounts, if any, to be paid to Mr. Kent; and

- any unvested options of Mr. Kent shall immediately vest.

Effective as of November 12, 1999, Charter Communications, Inc. entered into a consulting agreement with Howard L. Wood. In connection with this agreement, Mr. Wood received options to purchase 40,000 membership units of Charter Communications Holding Company, which vested immediately and have an exercise price of $19.00. Upon exercise of such options, the membership units received are immediately exchanged for shares of Charter Communications, Inc. Class A common stock on one-for-one basis. The consulting agreement has a one-year term with automatic one-year renewals. Under this agreement, Mr. Wood provides consulting services to Charter Communications, Inc. and will also be responsible for such other duties as the Chief Executive Officer determines. During the term of this agreement, Mr. Wood will receive annual cash compensation initially at a rate of $60,000. In addition, Mr. Wood is entitled to receive health benefits as well as use of an office and a full-time secretary. Charter Communications, Inc. will indemnify and hold harmless Mr. Wood to the maximum extent permitted by law from and against any claims, damages, liabilities, losses, costs or expenses incurred in connection with or arising out of the performance by him of his duties.

Effective as of December 23, 1998, Howard L. Wood entered into an employment agreement with Charter Investment for a one-year term with automatic one-year renewals. Under this agreement, Mr. Wood agreed to serve as an officer of Charter Investment. During the initial term of the agreement, Mr. Wood was entitled to receive a base salary for the remaining month of the term of $312,500, or such higher rate as determined by the Chief Executive Officer in his discretion. In addition, Mr. Wood was 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 was entitled to participate in any disability insurance, pension or other benefit plan afforded to employees generally or executives of Charter Investment. Charter Investment agreed to indemnify and hold harmless Mr. Wood to the maximum extent permitted by law from and against any claims, damages, liabilities, losses, costs or expenses incurred in connection with or arising out of the performance by Mr. Wood of his duties. Effective on November 12, 1999, this employment agreement ceased to be effective. Mr. Wood received an amount equal to his base salary for the remaining month of the term plus a bonus of $312,500. In addition, the options then held by Mr. Wood vested in full.

A company controlled by Mr. Wood occasionally leases an airplane to Charter Communications, Inc. and its subsidiaries and affiliates for business travel. Charter Communications, Inc. or its subsidiaries or affiliates, as applicable, in turn, pays to such company market rates for such use. Mr. Wood reimburses Charter Communications, Inc. for the full annual cost of two individuals qualified to operate the plane and who are otherwise available to Charter in connection with its own flight operations.

In addition, Mr. Wood's daughter, a Vice President of Charter Investment, received a bonus in the form of a three-year promissory note bearing interest at 7% per year. One-third of the original outstanding principal amount of the note and interest are forgiven as long as she remains employed by Charter Investment at the end of each of the first three anniversaries of the issue date in February 1999. The outstanding balance on the note as of June 30, 2000 was $150,000.

Effective as of May 25, 1999, Marc B. Nathanson entered into a letter agreement with Charter Communications, Inc. for a three-year term. Under this agreement, Mr. Nathanson agreed to serve as Vice-Chairman and as a director of Charter Communications, Inc. During the term of this agreement, Mr. Nathanson will receive a benefit equal to $193,197 per year, which amount is being paid by Charter Communications, Inc. to a company controlled by Mr. Nathanson. In addition, Mr. Nathanson is entitled to the rights and benefits provided to other directors of Charter Communications, Inc. Charter Communications, Inc. will indemnify and hold harmless Mr. Nathanson to the maximum extent permitted by law from and against any claims, damages, liabilities, losses, costs or expenses incurred in connection with or arising out of the performance by Mr. Nathanson of his duties.

Effective as of December 23, 1998, Barry L. Babcock entered into an employment agreement with Charter Investment for a one-year term with automatic one-year renewals. Under this agreement, Mr. Babcock agreed to serve as Vice Chairman of Charter Investment with responsibilities including the government and public relations of Charter Investment. During the initial term of the agreement, Mr. Babcock was entitled to receive a base salary of $625,000, or such higher rate as may have been determined by the Chief Executive Officer in his discretion. This employment agreement was terminated in October 1999. Pursuant to the termination agreement, Mr. Babcock received an amount equal to his base salary for the remaining month of the term plus a $312,500 bonus. In addition, the options held by Mr. Babcock vested in full.

Effective as of November 12, 1999, Charter Communications, Inc. entered into a consulting agreement with Mr. Babcock which expired in March 2000. During the term of this agreement, Mr. Babcock received monthly cash compensation at a rate of $10,000 per month, disability and health benefits and the use of an office and secretarial services, upon request. Charter

Communications, Inc. agreed to indemnify and hold harmless Mr. Babcock to the maximum extent permitted by law from and against any claims, damages, liabilities, losses, costs or expenses incurred in connection with or arising out of the performance by Mr. Babcock of his duties.

OTHER RELATIONSHIPS

David L. McCall, Senior Vice President of Operations -- Eastern Division of Charter Communications, Inc., is a partner in a partnership that leases office space to us. The partnership has received approximately $177,500 pursuant to such lease and related agreements for the year ended December 31, 1999. In addition, approximately $646,000 was paid in 1999 to a construction company controlled by Mr. McCall's brother, Marvin A. McCall for construction services.

In January 1999, Charter Investment issued bonuses to executive officers in the form of three-year promissory notes. One-third of the original outstanding principal amount of each of these notes and interest is forgiven, as long as the employee is still employed by Charter Investment or any of its affiliates, at the end of each of the first three anniversaries of the issue date. The promissory notes bear interest at 7% per year.

In April 2000, upon commencement of employment with Charter Communications, Inc., David C. Andersen, Senior Vice President -- Communications, received a bonus of $150,000 in the form of a three-year promissory note. One-third of the original outstanding principal amount and interest are forgiven, as long as Mr. Andersen is still employed by Charter Communications, Inc. or any of its affiliates at the end of each of the first three anniversaries of the issue date in April 2000. The promissory note bears interest at 7% per year.

The outstanding principal amounts of such notes as of June 30, 2000 are as follows:

INDIVIDUAL	AMOUNT
David C. Andersen	$150,000
David G. Barford	$300,000
Mary Pat Blake	$300,000
Eric A. Freesmeier	$300,000
Thomas R. Jokerst	$300,000
Kent D. Kalkwarf	$300,000
Ralph G. Kelly	$300,000
David L. McCall	$300,000
John C. Pietri	$150,000
Steven A. Schumm	$600,000
Curtis S. Shaw	$300,000
Stephen E. Silva	$200,000

In September 2000, upon commencement of employment with Charter Communications, Inc. James (Trey) H. Smith, III, Senior Vice President of Operations -- Western Division, received a bonus of $200,000 in the form of a three-year promissory note. One-third of the original outstanding principal amount and interest are forgiven, as long as Mr. Smith is still employed by Charter Communications, Inc. or any of its affiliates at the end of each of the first three anniversaries of the issue date in September 2000. The promissory note bears interest at 7% per year.

Marc B. Nathanson was the Chairman of the board of directors of Falcon Holding Group, Inc., which was the general partner of Falcon Holding Group, L.P. from whom the Falcon cable systems were acquired.

BUSINESS RELATIONSHIPS

Mr. 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 affiliates with services or programming.

Among these entities are High Speed Access Corp., WorldGate Communications, Inc., Wink Communications, Inc., ZDTV, L.L.C. operating as techtv, USA Networks, Oxygen Media, Inc., Digeo Broadband, Inc., Go2Net, Inc. and RCN Corporation. These affiliates include Charter Investment and Vulcan Ventures, Inc. Mr. Allen owns 100% of the equity of Vulcan Ventures, and is its Chief Executive Officer. Mr. Savoy is also a Vice President and a director of Vulcan Ventures. The various cable, Internet and telephony companies that Mr. Allen has invested in may mutually benefit one another. The Digeo Broadband Internet portal joint venture announced in the fourth quarter of 1999 is an example of a cooperative business relationship among his affiliated companies. We can give no assurance, nor should you expect, that this joint venture will be successful, that we will realize any benefits from this or other relationships with Mr. Allen's affiliated companies or that we will enter into any joint ventures or business relationships in the future with Mr. Allen's affiliated companies.

Mr. Allen and his affiliates have made, and in the future likely will make, numerous investments outside of us and our business. We cannot assure you that, in the event that we or any of our subsidiaries enter into transactions in the future with any affiliate of Mr. Allen, such transactions will be on terms as favorable to us as terms we might have obtained from an unrelated third party. Also, conflicts could arise with respect to the allocation of corporate opportunities between us and Mr. Allen and his affiliates. We have not instituted any formal plan or arrangement to address potential conflicts of interest.

HIGH SPEED ACCESS. High Speed Access is a provider of high-speed Internet access over cable modems. In November 1998, Charter Investment 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. Charter Investment's rights and obligations under these agreements were assigned by Charter Investment to Charter Communications Holding Company upon closing of Charter Communications, Inc.'s initial public offering. These agreements provided High Speed Access with exclusive access to at least 750,000 of our homes either that have an installed cable drop from our cable system or that are 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 the earlier of termination of the network services agreement or midnight of the day High Speed Access ceases to provide High Speed Access services to cable subscribers in a 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. Following the five-year initial term, the network services agreement automatically renews on a year-to-year basis unless Charter Communications Holding Company provides notice of termination prior to the end of the five-year term in accordance with the terms of the agreement. Additionally, Charter Communications Holding Company can terminate High Speed Access' exclusivity rights, on a system-by-system basis, if High Speed Access fails to meet performance benchmarks or otherwise breaches the agreements including a 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. 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 year ended December 31, 1999 were approximately $461,000. Net receipts from High Speed Access for the six months ended June 30, 2000 were approximately $901,000.

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 22,224,688 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 5,006,500 shares of common stock at a purchase price of $5.00 per share. These warrants were converted to warrants to purchase up to 7,750,000 shares of common stock at a purchase price of $3.23 per share upon completion of High Speed Access' initial public offering. The warrants were subsequently assigned to Charter Communications Holding Company. On May 12, 2000, the warrants were amended and restated. The amended and restated warrant gives Charter Communications, Inc. the right to purchase up to 12,000,000 shares of common stock at an exercise price of $3.23 per share. A portion of the amended and restated warrant relates to warrants that may be earned under the agreements described above, and the other portion relates to warrants that may be earned under an agreement entered into with High Speed Access on May 12, 2000, described below.

Warrants earned under the agreements described above become vested at the time systems are committed by us and are based upon the number of homes passed. Warrants under these agreements can only be earned until July 31, 2003, and are earned at the rate of 1.55 shares of common stock for each home passed in excess of 750,000. Warrants earned under the agreements described above are exercisable until May 25, 2006. Such warrants may be forfeited in certain circumstances, generally if we withdraw a committed system.

As of June 30, 2000, Charter Communications, Inc. has earned 869,650 warrants under the agreements described above.

On May 12, 2000, Charter Communications, Inc. entered into a separate agreement with High Speed Access. Charter Communications, Inc.'s rights and obligations under this agreement were assigned by Charter Communications, Inc. to Charter Communications Holding Company on August 1, 2000. Under the agreement, we agreed to commit homes passed by our cable television systems to High Speed Access for which High Speed Access will provide residential Tier 2 and above technical support and network operations center support. Such systems will be in locations where we have formally launched or intend to launch cable modem-based Internet access to residential customers. Tier 2 support is customer service support beyond the initial screening of a problem.

We have agreed to commit an aggregate of 5,000,000 homes passed, including all homes passed in systems previously committed by us to High Speed Access (other than full turnkey systems), on or prior to May 12, 2003. We may also commit additional homes passed in excess of the initial 5,000,000. With respect to each system launched or intended to be launched, we will pay a per customer fee to High Speed Access according to agreed pricing terms. In addition, we will also compensate High Speed Access for services that exceed certain minimum thresholds.

Warrants that may be earned under the new agreement become vested at the time an authorization to proceed is delivered to High Speed Access with respect to a system, and will be based upon the number of homes passed in such system. With respect to the initial aggregate 5,000,000 homes passed, the warrant provides that Charter Communications Holding Company will have the right to purchase 0.775 shares of common stock for every home passed. With respect to any additional homes passed in excess of 5,000,000, the warrant provides that Charter Communications Holding Company will have the right to purchase 1.55 shares of common stock for every home passed. Warrants earned under the new agreement are exercisable until 7 1/2 years from the date they are earned. Such warrants are generally not subject to forfeiture, even if the new agreement is terminated.

The new agreement governing the services to be provided by High Speed Access has a term of five years. Charter Communications Holding Company has the option to renew the agreement for additional successive 5-year terms on similar terms. On each renewal date, High Speed Access will issue Charter Communications Holding Company an additional warrant for each renewal term. These renewal warrants will grant Charter Communications Holding Company the right to purchase additional shares of common stock at a price of $10.00 per share. The number of shares of common stock subject to a renewal warrant will be determined based upon 0.50 shares of common stock for every home passed in each system committed to High Speed Access during the initial 5-year term and each 5-year renewal term.

Either party may terminate the new agreement, in whole or in part, if the other party defaults. Either party may also terminate the new agreement if the other party becomes insolvent or files for bankruptcy. Charter Communications Holding Company may terminate the new agreement if High Speed Access merges with another party or experiences a change of control. If High Speed Access terminates the new agreement, Charter Communications Holding Company may, in certain circumstances, be required to pay a termination fee.

High Speed Access has agreed to increase the number of shares of common stock subject to the amended and restated warrant, upon Charter Communications Holding Company's request, if the number of warrants earned exceeds 11,500,000. High Speed Access also granted Charter Communications Holding Company certain registration rights with respect to shares of common stock held by Charter Communications Holding Company and its direct and indirect subsidiaries, including shares of common stock issuable upon exercise of the amended and restated warrant.

Vulcan Ventures owns 37.1% of the outstanding stock of High Speed Access. Jerald L. Kent, our President and Chief Executive Officer and a director of Charter Communications Holding Company and Charter Communications, Inc., Stephen E. Silva, Senior Vice President -- Corporate Development and Technology of Charter Communications, Inc., and Mr. Savoy, a member of the boards of directors of Charter Holdings, Charter Communications Holding Company and Charter Communications, Inc., are all members of the board of directors of High Speed Access.

WORLDGATE. WorldGate is a provider of Internet access through cable systems. On November 7, 1997, Charter Investment signed an affiliation agreement with WorldGate pursuant to which WorldGate's services will be offered to some of our customers. This agreement was assigned by Charter Investment to Charter Communications Holding Company upon the closing of our initial public offering. 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. 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 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, 2000, we paid WorldGate approximately $386,000. For the year ended December 31, 1999, we paid to WorldGate approximately $1,661,000. For the year ended December 31, 1998, we paid to WorldGate approximately $276,000. We charged our subscribers approximately $200,000 for the six months ended June 30, 2000, $263,000 for the year ended December 31, 1999 and approximately $22,000 for the year ended December 31, 1998.

On November 24, 1997, Charter Investment acquired 70,423 shares of WorldGate's series B preferred stock at a purchase price of $7.10 per share and was issued warrants exercisable for 394,880 shares of WorldGate series B preferred stock at a price of $7.10 per share. These shares of WorldGate's series B preferred stock and warrants to purchase WorldGate series B preferred stock were assigned to Charter Communications Holding Company upon the closing of our initial public offering. 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 and WorldGate's initial public offering, each share of series B preferred stock converted into two-thirds of a share of WorldGate's common stock, and each share of series C preferred stock converted into two-thirds of a share of WorldGate's common stock.

On July 25, 2000, Charter Communications Holding Company entered into a joint venture, named TV Gateway LLC, with WorldGate and several other cable operators to develop and deploy a server-based interactive program guide. Charter Communications Holding Company invested $850,000, providing it a 16.25% ownership in the joint venture. For the first four years after the formation of TV Gateway, Charter Communications Holding Company will earn additional ownership units, up to a maximum of 750,000 ownership units, as the interactive program guide is deployed to our customers. In connection with the formation of the joint venture, on August 15, 2000, Charter Communications Holding Company purchased 31,211 shares of common stock of WorldGate at $16.02 per share for an aggregate purchase price of $500,000. As a result of this purchase, Charter Communications Holding Company received a $125,000 credit from WorldGate against future equipment purchases relating to the deployment of its service. Additionally, WorldGate granted Charter Communications Holding Company warrants to purchase up to 500,000 shares of WorldGate common stock for a period of seven years at a purchase price of $24.78. For a period of three years from the date of closing, Charter Communications Holding Company will also be issued warrants to purchase common stock of WorldGate based on the number of two-way digital homes passed in the systems in which Charter Communications Holding Company has deployed WorldGate service.

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 signed a cable affiliation agreement with Wink to deploy this enhanced broadcasting technology in our systems.

This agreement was assigned by Charter Investment to Charter Communications Holding Company upon the closing of our initial public offering. 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. 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. We pay a fixed monthly license fee to Wink. 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 generates 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, 2000, minimal revenue and 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 Ventures warrants to purchase shares of common stock. Additionally, Microsoft Corporation, of which Mr. Allen is a director, owns an equity interest in Wink.

TECHTV. techtv 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 techtv. techtv has currently 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 techtv on that cable system until April 30, 2008. The carriage agreement grants us a limited non-exclusive right to receive and to distribute techtv to our subscribers in digital or analog format. The carriage agreement does not grant us the right to distribute techtv over the Internet. Effective May 1, 2001, we will pay a monthly per subscriber fee to techtv for cable systems that distribute techtv on a level of service received by fewer than 50% of the total system's customers. Additionally, we agreed to use commercially reasonable efforts to publicize the programming schedule of techtv in each of our cable systems that offers or will offer techtv. Upon reaching a specified threshold number of techtv subscribers, then, in the event techtv inserts any infomercials, advertorials and/or home shopping into the techtv programming, we receive from techtv a percentage of net product revenues resulting from our distribution of these services. techtv 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.

On February 5, 1999, Vulcan Programming, which is 100% owned by Mr. Allen, acquired an approximate one-third interest in techtv. Mr. Savoy is the president and director of Vulcan Programming. In January 2000, Vulcan Ventures acquired an additional 64% in techtv for $204.8 million bringing its interest in techtv to 97%. The remaining 3% of techtv is owned by its management and employees. Mr. Allen and Mr. Savoy are each directors of techtv and Mr. Savoy is Vice President of techtv.

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, we signed an affiliation agreement with USA Networks.

This agreement was assigned by Charter Investment to Charter Communications Holding Company upon the closing of our initial public offering. 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 was until December 30, 1999, however, it has been extended to December 31, 2000. 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 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 $12,879,000 for the six months ended June 30, 2000, $16,740,000 for the year ended December 31, 1999, approximately $556,000 for the year ended December 31, 1998, and approximately $204,000 for the year ended December 31, 1997. In addition, we received commissions from Home Shopping Network for sales generated by our customers totaling approximately $1,649,000 for the six months ended June 30, 2000, $1,826,000 for the year ended December 31, 1999, approximately $121,000 for the year ended December 31, 1998 and approximately $62,000 for the year ended December 31, 1997.

Mr. Allen and Mr. Savoy are also directors of USA Networks. As of April 2000, Mr. Allen owned approximately 8.8% and Mr. Savoy owned less than 1% of the capital stock of USA Networks.

OXYGEN MEDIA, LLC. Oxygen Media provides programming content aimed at the female audience for distribution over the Internet and cable television systems. Vulcan Ventures invested $50 million in 1999 in Oxygen Media. In addition, Charter Communications Holding Company plans to enter into a carriage agreement with Oxygen Media pursuant to which we will carry Oxygen Media programming content on certain of our cable systems. Mr. Savoy, a director of Charter Communications, Inc., and Charter Communications Holding Company serves on the board of directors of Oxygen Media. Mr. Allen owns an approximate 7% interest in Oxygen.

PORTLAND TRAIL BLAZERS. On October 7, 1996, the former owner of our Falcon cable systems entered into a letter agreement and a cable television agreement with Trail Blazers Inc. for the cable broadcast in the metropolitan area surrounding Portland, Oregon of pre-season, regular season and playoff basketball games of the Portland Trail Blazers, a National Basketball Association basketball team. Mr. Allen is the 100% owner of the Portland Trail Blazers and Trail Blazers Inc. We continue to operate under the terms of these agreements since our acquisition of the Falcon cable systems in November 1999. Under the letter agreement, Trail Blazers Inc. is paid a fixed fee for each subscriber in areas directly served by the Falcon cable systems. Under the cable television agreement, we share subscription revenues with Trail Blazers Inc. Trail Blazers Inc. provides technical facilities and services in connection with the cable broadcast of the Portland Trail Blazers basketball games. The letter agreement and the cable television agreement will terminate on September 30, 2001. We expensed approximately $241,000 for the year ended December 31, 1999 and approximately $727,000 for the six months ended June 30, 2000 in connection with the cable broadcast of Portland Trail Blazers basketball games under the cable television agreement.

DIGEO BROADBAND, INC. Charter Communications Holding Company has entered into a joint venture with Vulcan Ventures and Go2Net to provide broadband portal services. See "Business -- Products and Services." Mr. Allen owns approximately 33% of the outstanding equity of Go2Net. Mr. Savoy, a director of Charter Communications, Inc. and Charter Communications Holding Company, is also a director of Go2Net.

RCN CORPORATION. On February 28, 2000, Vulcan Ventures purchased shares of convertible preferred stock of RCN Corporation for an aggregate purchase price of approximately $1.65 billion. Vulcan Ventures owns a 28.0% equity interest in RCN Corporation as of June 30, 2000. None of Charter Communications, Inc., Charter Communications Holding Company, Charter Holdings or their respective shareholders, members or subsidiaries, other than Vulcan Ventures, has any interest in the RCN investment and none of them is expected to have any interest in any subsequent investment in RCN that Vulcan Ventures may make. Charter Communications, Inc.'s certificate of incorporation and Charter Communications Holding Company's limited liability company agreement provide that the businesses of RCN are not deemed to be "cable transmission businesses." Mr. Savoy, a director of Charter Communications, Inc. is also a director of RCN.

DESCRIPTION OF CERTAIN INDEBTEDNESS

The following description of our indebtedness is qualified in its entirety by reference to the relevant credit facilities, indentures and related documents governing the debt.

EXISTING CREDIT FACILITIES

CHARTER OPERATING CREDIT FACILITIES. On March 18, 1999, Charter Operating entered into senior secured credit facilities arranged by Chase Securities Inc., NationsBanc Montgomery Securities LLC and TD Securities (USA) Inc. Obligations under the Charter Operating credit facilities are guaranteed by Charter Operating's parent, Charter Holdings, and by Charter Operating's subsidiaries. The obligations under the Charter Operating credit facilities are secured by pledges by Charter Operating of intercompany 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 obligations under the Charter Operating credit facilities are also secured by pledges of intercompany 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 Charter Operating credit facilities provide for borrowings of up to $4.7 billion consisting 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 $2.45 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, in each case, of September 18, 2007. The amortization of the principal amount of the Tranche B term loan facility is substantially "back-ended," with more than 90% of the principal balance due in the year of maturity. The final maturity date of the Tranche B term loan facility is March 18, 2008. The Charter Operating credit facilities also provide for an incremental term facility of up to $1.0 billion conditioned upon receipt of additional new commitments from lenders. 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 that of the Tranche B term loan. In March 2000, $600.0 million of the incremental term facility was drawn down, thereby increasing the Tranche B term loan. The maturity date for this term loan is September 18, 2008.

The Charter Operating 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 of Charter Operating. In the event that any existing 8.250% Charter Holdings notes remain outstanding on the date which is six months prior to the scheduled final maturity, the term loans under the Charter Operating credit facility will mature and the revolving credit facility will terminate on such date.

The Charter Operating credit facilities provide Charter Operating 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, which is the ratio of indebtedness to annualized operating cash flow. This leverage ratio is based on the debt of Charter Operating and its subsidiaries, exclusive of 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; and

- 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 events of default include a cross-default provision that is triggered by the failure of Charter Operating, Charter Holdings or Charter Operating's subsidiaries to make payment on debt with an outstanding total principal amount exceeding $50.0 million, the acceleration of debt of this amount prior to its maturity or the failure to comply with specified 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 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 25% direct or indirect voting and economic interest in Charter Operating; or

- a change of control occurs under the indentures governing the March 1999 Charter Holdings notes or the January 2000 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 or make other distributions;

- incur liens;

- make acquisitions;

- make investments or asset sales; or

- enter into transactions with affiliates.

Distributions under the Charter Operating credit facilities to Charter Holdings to pay interest on the March 1999 Charter Holdings notes are generally permitted. Distributions under the Charter Operating credit facilities to Charter Holdings to pay interest on the January 2000 Charter Holdings notes are generally permitted, provided Charter Operating's cash flow for the four complete quarters preceding the distribution exceeds 1.75 times its cash interest expense, including the amount of such distribution. In each case, such distributions to Charter Holdings are not permitted during the existence of a default under the Charter Operating credit facilities.

As of June 30, 2000, $4.2 billion was outstanding and $0.5 billion was available for borrowing under the Charter Operating credit facilities.

CHARTER HOLDINGS SENIOR BRIDGE LOAN FACILITY. On August 4, 2000, Charter Holdings and Charter Communications Holdings Capital Corporation entered into a senior bridge loan agreement providing for senior increasing rate bridge loans in an aggregate principal amount of up to $1.0 billion.

On August 14, 2000, Charter Holdings borrowed $1.0 billion under the senior bridge loan facility and used the majority of the proceeds to repay a portion of the amounts outstanding under the

Charter Operating revolving credit facility. The bridge loan initially bears interest at an annual rate equal to the yield corresponding to the bid price on Charter Holdings 10.25% notes less 0.25% (10.21% as of August 14, 2000). If this loan is not repaid within 90 days following August 14, 2000, the interest rate will increase by 1.25% at the end of such 90-day period and will increase by an additional 0.50% at the end of each additional 90-day period. Unless additional default interest is assessed, the interest rate on the bridge loan will not exceed 15% annually. If the bridge loan has not been repaid in full by August 14, 2001, then it will be converted to a term loan. The term loan will bear interest at a fixed rate equal to the greater of the applicable rate of the bridge loan on the date on the conversion plus 0.50% and the yield corresponding to the bid price on Charter Holdings 10.25% notes as of the date immediately prior to the conversion. If the term loan is not repaid within 90 days after the conversion from the bridge loans, the interest rate thereon will increase by 0.50% at the end of each 90-day period. The interest rate on the term loan will not exceed 15% annually. The term loan will mature on the tenth anniversary of the initial senior bridge loan borrowing.

Charter Holdings and Charter Communications Holdings Capital Corporation must use the net cash proceeds of any of the following to pay back the loans in full plus any accrued and unpaid interest:

- any direct or indirect public offering or private placement of any debt or equity securities by Charter Communications, Inc., Charter Communications Holding Company, Charter Holdings and Charter Communications Holdings Capital Corporation or any subsidiary;

- any future bank borrowings other than under any of the existing credit facilities of Charter Communications, Inc., Charter Communications Holding Company, Charter Holdings and Charter Communications Holdings Capital Corporation or any subsidiary; and

- any future asset sales by Charter Communications, Inc., Charter Communications Holding Company, Charter Holdings and Charter Communications Holdings Capital Corporation or any subsidiary.

FALCON CREDIT FACILITIES. In connection with the Falcon acquisition, the required percentage of lenders under the senior secured credit facilities of Falcon Cable Communications agreed to amend and restate the Falcon credit agreement, which amendment and restatement was effective as of November 12, 1999, the date that Charter Communications Holding Company closed the Falcon acquisition. The obligations under the Falcon credit facilities are guaranteed by the direct parent of Falcon Cable Communications, Charter Communications VII, LLC, and by the subsidiaries of Falcon Cable Communications. The obligations under the Falcon credit facilities are secured by pledges of the ownership interests and intercompany obligations of Falcon Cable Communications and its subsidiaries, but are not secured by other assets of Falcon Cable Communications or its subsidiaries.

The Falcon credit facilities have maximum borrowing availability of $1.25 billion consisting of the following:

- a revolving facility in the amount of approximately $646.0 million;

- a term loan B in the amount of approximately $197.0 million;

- a term loan C in the amount of approximately $295.5 million; and

- a supplemental revolving facility of $110.0 million.

In addition to the above, the Falcon credit facilities provide for, at the option of the lenders, supplemental credit facilities for a total of $700.0 million, less the $110.0 million outstanding under the supplemental revolving facility above. These supplemental credit facilities are available, subject to the borrower's ability to obtain additional commitments from the lenders. The terms of such additional borrowings are subject to certain restrictions that may be no more materially restrictive than the provisions of the Falcon credit facilities and will be determined at the time of borrowing.

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 Falcon 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 Falcon Cable Communications.

The Falcon credit facilities provide Falcon Cable Communications 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 rates for these credit facilities, as well as a fee payable on unborrowed amounts available thereunder, depend upon performance measured by a "leverage ratio" which is the ratio of indebtedness to annualized operating cash flow. This leverage ratio is based on the debt of Falcon Cable Communications 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; and

- 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 credit facilities contain representations and warranties, affirmative and negative covenants, information requirements, events of default and financial covenants. The events of default for the Falcon credit facilities include a cross-default provision that is triggered by, among other things, the failure to make payment relating to specified outstanding debt of Falcon Cable Communications, its direct and indirect parent companies, CC VII Holdings, LLC and Charter Communications VII, or specified subsidiary guarantors in a total amount of principal and accrued interest exceeding $10.0 million, the acceleration of debt of this amount prior to its maturity or the failure to comply with specified 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 25% direct or indirect voting and economic interest in Falcon Cable Communications; or

- a change of control occurs under the terms of other specified debt of Falcon.

The various negative covenants place limitations on the ability of Falcon Cable Communications and its subsidiaries to, among other things:

- incur debt;

- pay dividends or make other distributions;

- incur liens;

- make acquisitions;

- make investments or asset sales; or

- enter into transactions with affiliates.

Distributions under the Falcon credit facilities to pay interest on the Falcon debentures are generally permitted, except during the existence of a default under the Falcon credit facilities.

Distributions to Charter Holdings to pay interest on the January 2000 Charter Holdings notes and the March 1999 Charter Holdings notes will generally be permitted, provided Falcon Cable Communications' cash flow for the most recent fiscal quarter preceding the distribution exceeds 1.75 times its cash interest expense, including the amount of such distribution. Distributions to Charter Holdings will also be permitted if Falcon Cable Communications meets specified financial ratios. In each case, such distributions to Charter Holdings are not permitted during the existence of a default under the Falcon credit facilities.

As of June 30, 2000, $1,059.5 million was outstanding and $189.1 million was available for borrowing under the Falcon credit facilities.

FANCH CREDIT FACILITIES. On November 12, 1999, the Fanch acquisition was closed and CC VI Operating Company, LLC, the parent company of the Fanch cable systems, entered into senior secured credit facilities arranged by Chase Securities Inc. and Banc of America Securities LLC. The obligations under the Fanch credit facilities are guaranteed by CC VI Operating's parent, CC VI Holdings, LLC, and by the subsidiaries of CC VI Operating. The obligations under the Fanch credit facilities are secured by pledges of the ownership interests and intercompany obligations of CC VI Operating and its subsidiaries, but are not secured by other assets of CC VI Operating or its subsidiaries.

The Fanch credit facilities have maximum borrowings of $1.2 billion, consisting of:

- a revolving facility in the amount of approximately $350.0 million;

- a term loan A in the amount of approximately $450.0 million; and

- a term loan B in the amount of approximately $400.0 million.

The revolving facility amortizes beginning in 2004 and ending in May 2008. The term loan A and term loan B facilities amortize beginning in 2003 and ending in May 2008 and November 2008, respectively.

In addition to the foregoing, the Fanch credit facilities provide for supplemental credit facilities in the maximum amount of $300.0 million. These supplemental credit facilities may be in the form of an additional term loan or an aggregate increase in the amount of the term loan A or the revolving facility. These supplemental credit facilities are available, subject to the borrower's ability to obtain additional commitments from lenders. The amortization of the additional term loans under the supplemental credit facilities prior to May 2009 is limited to 1% per annum of the aggregate principal amount of such additional term loans.

The Fanch credit facilities also contain provisions requiring mandatory loan prepayments under specific circumstances, including when significant amounts of assets are sold and the proceeds are not promptly reinvested in assets useful in the business of CC VI Operating.

The Fanch credit facilities provide CC VI Operating with the following two interest rate options, to which a margin is added: a base rate option, generally the prime rate of interest; and an interest rate option rate based on the interbank Eurodollar rate. Interest rates for the Fanch credit facilities, as well as a fee payable on unborrowed amounts available thereunder, depend upon performance measured by a leverage ratio, which is the ratio of indebtedness to annualized operating cash flow. This leverage ratio is based on the debt of CC VI Operating and its subsidiaries. The interest rate margins for the Fanch credit facilities are as follows:

- with respect to the revolving loan facility and term loan A, the margin ranges from 1.0% to 2.25% for eurodollar loans and from 0.0% to 1.25% for base rate loans; and

- with respect to term loan B, the margin ranges from 2.50% to 3.00% for eurodollar loans and from 1.50% to 2.00% for base rate loans.

The Fanch credit facilities contain representations and warranties, affirmative and negative covenants, information requirements, events of default and financial covenants. The events of default for the Fanch credit facilities include a cross-default provision that is triggered by the failure to make payment on debt of CC VI Operating, CC VI Holdings and the subsidiaries of CC VI Operating in a total amount of $25.0 million, the acceleration of debt of this amount prior to its maturity or the failure to comply with specified covenants. The financial covenants, which are generally tested on a quarterly basis, measure performance against standards set for leverage, debt service coverage, and operating cash flow coverage of cash interest expense.

The Fanch credit facilities also contain a change of control provision, making it an event of default, and permitting acceleration of the debt, in the event of any of the following:

- Mr. Allen, including his estate, heirs and other related entities, fails to maintain a 25% direct or indirect voting and economic interest in CC VI Operating;

- CC VI Operating is no longer a direct or indirect subsidiary of Charter Communications Holding Company; or

- A change of control occurs under specified indebtedness of CC VI Holdings, CC VI Operating or CC VI Operating's subsidiaries.

Various negative covenants place limitations on the ability of CC VI Operating and its subsidiaries to, among other things:

- incur debt;

- pay dividends or make other distributions;

- incur liens;

- make acquisitions;

- make investments or asset sales; or

- enter into transactions with affiliates.

Distributions under the Fanch credit facilities to Charter Holdings to pay interest on the January 2000 Charter Holdings notes and the March 1999 Charter Holdings notes are generally permitted, provided CC VI Operating's cash flow for the four complete quarters preceding the distribution exceeds 1.75 times its cash interest expense, including the amount of such distribution. Distributions to Charter Holdings will also be permitted if CC VI Operating meets specified financial ratios. In each case, such distributions to Charter Holdings are not permitted during the existence of a default under the Fanch credit facilities.

As of June 30, 2000, approximately $850.0 million was outstanding and $350.0 million was available for borrowing under the Fanch credit facilities.

AVALON CREDIT FACILITIES. On November 15, 1999, the Avalon acquisition was closed and CC Michigan, LLC and CC New England, LLC (formerly Avalon Cable of Michigan, Inc. and Avalon Cable of New England LLC, respectively) entered into senior secured credit facilities arranged by Bank of Montreal. The obligations under the Avalon credit facilities are guaranteed by the parent of the Avalon borrowers, CC V Holdings, LLC (formerly Avalon Cable LLC) and by the subsidiaries of the Avalon borrowers. The obligations under the Avalon credit facilities are secured by pledges of the ownership interests and intercompany obligations of the Avalon borrowers and their subsidiaries, but are not secured by other assets of the Avalon borrowers or their subsidiaries. The Avalon credit facilities are also secured by a pledge of CC V Holdings' equity interest in the Avalon borrowers and intercompany obligations with respect to the Avalon borrowers.

The Avalon credit facilities have maximum borrowings of $300.0 million, consisting of:

- a revolving facility in the amount of approximately $175.0 million; and

- a term loan B in the amount of approximately $125.0 million.

We borrowed $165.0 million under the Avalon credit facilities to fund a portion of the Avalon purchase price.

Amounts available under the revolving facility reduce annually in specified percentages beginning in the fourth year following the closing date of the facility. The term loan B facility amortizes beginning in the fourth year following the closing date.

In addition to the foregoing, the Avalon credit facilities provide for supplemental credit facilities in the maximum amount of $75.0 million. These supplemental credit facilities may be in the form of an additional term loan or an aggregate increase in the amount of the revolving facility. These supplemental credit facilities will be available, subject to the borrowers' ability to obtain additional commitments from lenders. These supplemental credit facilities are available to the Avalon borrowers until December 31, 2003, and, if borrowed, the weighted average life and final maturity will not be less than that of the revolving facility.

The Avalon credit facilities also contain provisions requiring mandatory loan prepayments under specific circumstances, including when significant amounts of assets are sold and the proceeds are not promptly reinvested in assets useful in the business of the Avalon borrowers.

The Avalon credit facilities provide the following two interest rate options, to which a margin is added: a base rate option, generally the "prime rate" of interest; and an interest rate option based on the interbank eurodollar rate. Interest rates for the Avalon credit facilities, as well as a fee payable on unborrowed amounts available thereunder, will depend upon performance measured by a leverage ratio, which is the ratio of indebtedness to annualized operating cash flow. This leverage ratio is based on the debt of the Avalon borrowers and their subsidiaries. The interest rate margins for the Avalon credit facilities are as follows:

- with respect to the revolving loan facility, the margin ranges from 1.0% to 1.875% for eurodollar loans and from 0.0% to 0.875% for base rate loans; and

- with respect to term loan B, the margin ranges from 2.50% to 2.75% for eurodollar loans and from 1.50% to 1.750% for base rate loans.

The Avalon credit facilities contain representations and warranties, affirmative and negative covenants, information requirements, events of default and financial covenants. The events of default for the Avalon credit facilities include a cross-default provision that is triggered by the failure to make payment on debt of the Avalon borrowers, CC V Holdings and specified subsidiaries of the Avalon borrowers in a total amount of $20.0 million, the acceleration of debt of this amount prior to its maturity or the failure to comply with specified 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 Avalon 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 Mr. Allen, including his estate, heirs and other related entities, fails to maintain a 25% direct or indirect voting and economic interest in the Avalon borrowers.

Various negative covenants place limitations on the ability of the Avalon borrowers and their subsidiaries to, among other things:

- incur debt;

- pay dividends or make other distributions;

- incur liens;

- make acquisitions;

- make investments or asset sales; or

- enter into transactions with affiliates.

Distributions under the Avalon credit facilities to pay interest on certain indebtedness of CC V Holdings are generally permitted, except during the existence of a default under the Avalon credit facilities.

Distributions under the Avalon credit facilities to Charter Holdings to pay interest on the January 2000 Charter Holdings notes and the March 1999 Charter Holdings notes are generally permitted, provided the Avalon borrowers' consolidated cash flow for the four complete quarters preceding the distribution exceeds 2.1 times their combined cash interest expense, including the amount of such distribution. Distributions to Charter Holdings will also be permitted if the Avalon borrowers meet specified financial ratios. In each case, such distributions to Charter Holdings are not permitted during the existence of a default under the Avalon credit facilities.

As of June 30, 2000, there was approximately $170.0 million outstanding and $130.0 million was available for borrowing under the Avalon credit facilities.

BRESNAN CREDIT FACILITIES. In connection with the Bresnan acquisition, our subsidiary, CC VIII Operating, LLC (formerly Bresnan Telecommunications Company) amended and restated its previous senior secured credit facilities and increased the available borrowings under the facilities. At the closing of the Bresnan acquisition, we borrowed approximately $599.9 million to replace the borrowings outstanding under the previous credit facilities and an additional $31.3 million to fund a portion of the Bresnan purchase price.

The obligations under the Bresnan credit facilities are guaranteed by the parent company of the Bresnan borrower, CC VIII Holdings, LLC (formerly Bresnan Communications Group LLC), and by the subsidiaries of the Bresnan borrower. The obligations under the Bresnan credit facilities are secured by pledges of the ownership interests and intercompany obligations of the Bresnan borrower and its subsidiaries, but are not secured by other assets of the Bresnan borrower or its subsidiaries. The Bresnan credit facilities are also secured by a pledge of CC VIII Holdings' equity interest in the Bresnan borrower and intercompany obligations with respect to the Bresnan borrower.

The Bresnan credit facilities provide for borrowings of up to $900.0 million, consisting of:

- a reducing revolving loan facility in the amount of $200.0 million;

- a term loan A facility in the amount of $403.0 million; and

- a term loan B facility in the amount of $297.0 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 facility of up to $200.0 million, which is conditioned upon receipt of additional commitments from lenders. If the incremental facility becomes available, it may be in the form of revolving loans or term loans, but may not amortize more quickly than 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 the following 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 the interbank eurodollar rate. Interest rate margins for the Bresnan credit facilities depend upon performance measured by a leverage ratio, which is the ratio of total debt to annualized operating cash flow. The leverage ratio is based on the debt of the Bresnan borrower and its subsidiaries. The interest rate margins for the Bresnan credit facilities are as follows:

- with respect to the term loan A facility and the revolving loan facility, the margin ranges from 0.75% to 2.25% for eurodollar loans and from 0.0% to 1.25% for base rate loans; and

- 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 events of default for the Bresnan credit facilities include a cross-default provision that is triggered by, among other things, the failure to make payment on the debt of the Bresnan borrower, its subsidiaries and CC VIII Holdings in a total amount in excess of $25.0 million, the acceleration of debt of this amount prior to its maturity or failure to comply with specified 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 the Bresnan borrower and its restricted subsidiaries to, among other things:

- incur debt;

- pay dividends or make other distributions;

- incur liens;

- make acquisitions;

- make investments or asset sales; or

- enter into transactions with affiliates.

The Bresnan credit facilities contain a change in control provision making it an event of default permitting acceleration of the debt in the event of any of the following:

- Mr. Allen, including his estate, heirs and related entities, fails to maintain, directly or indirectly, at least 51% voting interest in the Bresnan borrower, or ceases to own of record or beneficially, directly or indirectly, at least 25% of the equity interests of the Bresnan borrower;

- a change of control or similar defined term shall occur in any agreement governing debt of CC VIII Holding or the Bresnan borrower, and such debt is at least in the amount of $25.0 million;

- Charter Communications Holding Company shall cease to own, directly or indirectly, at least 51% of the equity interests in the Bresnan borrower; or

- the Bresnan borrower shall cease to be a direct wholly owned subsidiary of CC VIII Holdings.

Distributions under the Bresnan credit facilities to pay interest on certain indebtedness of CC VIII Holdings are generally permitted, except during the existence of a default.

Distributions under the Bresnan credit facilities to Charter Holdings to pay interest on the January 2000 Charter Holdings notes and the March 1999 notes are generally permitted provided the Bresnan borrower's consolidated cash flow for the four complete quarters preceding the distribution exceeds 1.75 times the consolidated interest expense of the Bresnan borrower, including the amount of such distribution. In each case, such distributions to Charter Holdings are not permitted during the existence of a default under the Bresnan credit facilities.

As of June 30, 2000, there was $638.9 million outstanding and $261.1 million was available for borrowing under the Bresnan credit facilities.

EXISTING PUBLIC DEBT

MARCH 1999 CHARTER HOLDINGS NOTES. The March 1999 Charter Holdings notes were issued under three separate indentures, each dated as of March 17, 1999, among Charter Holdings and Charter Communications Holdings Capital Corporation, as the issuers, and Harris Trust and Savings Bank, as trustee. Charter Holdings and Charter Communications Holdings Capital Corporation exchanged these notes for new March 1999 Charter Holdings notes with substantially similar terms, except that the new March 1999 Charter Holdings notes are registered under the Securities Act and, therefore, do not bear legends restricting their transfer.

The March 1999 Charter Holdings notes are general unsecured obligations of Charter Holdings and Charter Communications Holdings Capital Corporation. The March 1999 8.250% Charter Holdings notes mature on April 1, 2007 and as of June 30, 2000, there was $600.0 million in total principal amount outstanding. The March 1999 8.625% Charter Holdings notes mature on April 1, 2009 and as of June 30, 2000, there was $1.5 billion in total principal amount outstanding. The March 1999 9.920% Charter Holdings notes mature on April 1, 2011 and as of June 30, 2000, the total accreted value was $1.0 billion. Cash interest on the March 1999 9.920% Charter Holdings notes will not accrue prior to April 1, 2004.

The March 1999 Charter Holdings notes are senior debts of Charter Holdings and Charter Communications Holdings Capital Corporation. They rank equally with the current and future unsecured and unsubordinated debt of Charter Holdings, including the January 2000 Charter Holdings notes.

Charter Holdings and Charter Communications Holdings Capital Corporation will not have the right to redeem the March 1999 8.250% Charter Holdings notes prior to their maturity date on April 1, 2007. Before April 1, 2002, Charter Holdings and Charter Communications Holdings Capital

Corporation may redeem up to 35% of each of the March 1999 8.625% Charter Holdings notes and the March 1999 9.920% Charter Holdings notes, in each case, at a premium with the proceeds of certain offerings of equity securities. In addition, on or after April 1, 2004, Charter Holdings and Charter Communications Holdings Capital Corporation may redeem some or all of the March 1999 8.625% Charter Holdings notes and the March 1999 9.920% Charter Holdings notes at any time, in each case, at a premium. The optional redemption price declines to 100% of the principal amount of March 1999 Charter Holdings notes redeemed, plus accrued and unpaid interest, if any, for redemption on or after April 1, 2007.

In the event of a specified change of control event, Charter Holdings and Charter Communications Holdings Capital Corporation must offer to repurchase any then outstanding March 1999 Charter Holdings notes at 101% of their principal amount or accreted value, as applicable, plus accrued and unpaid interest, if any.

The indentures governing the March 1999 Charter Holdings notes contain certain covenants that restrict the ability of Charter Holdings and Charter Communications Holdings Capital Corporation and their restricted 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 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 10% senior discount notes due 2008 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 of the Renaissance notes exchanged $163.2 million of the original issued and outstanding Renaissance notes for an equivalent value of new Renaissance notes. 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 issuers thereof, 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 of the Renaissance notes 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 equity interests at 110% of their accreted value on the redemption date, provided that after any such redemption at least $106.0 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 indentures governing the Renaissance notes contains certain covenants that restrict the ability of the issuers of the Renaissance notes and their restricted subsidiaries to:

- incur additional debt;

- create liens;

- engage in sale-leaseback transactions;

- pay dividends or make other distributions in respect of their equity interests;

- redeem capital stock;

- make investments or certain other restricted payments;

- sell assets;

- issue or sell capital stock of restricted subsidiaries;

- enter into transactions with shareholders or affiliates; and

- effect a consolidation or merger.

The Renaissance notes contain events of default that include a cross-default provision triggered by the failure of Renaissance Media Group LLC or any of its specified subsidiaries to make payment on debt at maturity with a total principal amount of $10.0 million or more or the acceleration of debt of this amount prior to maturity.

As of June 30, 2000, there was outstanding $114.4 million total principal amount at maturity of Renaissance notes, with an accreted value of $87.2 million.

THE AVALON 11.875% NOTES. On December 10, 1998, CC V Holdings, LLC, formerly known as Avalon Cable LLC, and CC V Holdings Finance, Inc. (formerly Avalon Cable Holdings Finance, Inc.) jointly issued $196.0 million total principal amount at maturity of 11.875% senior discount notes due 2008. On July 22, 1999, the issuers exchanged $196.0 million of the original issued and outstanding Avalon notes for an equivalent amount of new Avalon notes. The form and terms of the new Avalon notes are substantially identical to the original Avalon notes except that they are registered under the Securities Act and, therefore, are not subject to the same transfer restrictions.

The Avalon notes are guaranteed by certain subsidiaries of CC V Holdings.

There will be no current payments of cash interest on the Avalon notes before December 1, 2003. The Avalon notes accrete in value at a rate of 11.875% per annum, compounded semi-annually, to an aggregate principal amount of $196.0 million on December 1, 2003. After December 1, 2003, cash interest on the Avalon notes:

- will accrue at the rate of 11.875% per year on the principal amount at maturity; 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 of the Avalon notes will be required to redeem an amount equal to $369.79 per $1,000 in principal amount at maturity of each Avalon note, on a pro rata basis, at a redemption price of 100% of the principal amount then outstanding at maturity of the Avalon notes so redeemed.

On or after December 1, 2003, the issuers of the Avalon notes may redeem the Avalon notes, in whole or in part, at a specified premium. The optional redemption price declines to 100% of the principal amount of the Avalon notes redeemed, plus accrued and unpaid interest, if any, for redemptions on or after December 1, 2006. Before December 1, 2001, the issuers may redeem up to 35% of the total principal amount at maturity of the Avalon notes with the proceeds of one or more equity offerings and/or equity investments.

In the event of specified change of control events, holders of the Avalon notes have the right to sell their Avalon notes to the issuers of the Avalon notes at 101% of:

- the accreted value of the Avalon notes in the case of repurchases of Avalon notes prior to December 1, 2003; or

- the total principal amount of the Avalon notes in the case of repurchases of Avalon 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 triggered this right. On December 3, 1999, we commenced a change of control repurchase offer with respect to the Avalon notes. In January 2000, we completed change of control offers in which we repurchased $16.3 million aggregate principal amount of the 11.875% notes at a purchase price of 101% of accreted value as of January 28, 2000. The aggregate repurchase price of $10.5 million was funded with proceeds of the sale of the January 2000 Charter Holdings notes.

Among other restrictions, the indenture governing the Avalon 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;

- make certain investments;

- sell assets or subsidiary stock;

- engage in sale-leaseback transactions;

- create liens;

- create or permit to exist restrictions dividends or other payments from restricted subsidiaries;

- redeem equity interests;

- merge, consolidate or sell all or substantially all of their combined assets; and

- with respect to restricted subsidiaries, issue capital stock.

The Avalon notes contain events of default that include a cross-default provision triggered by the failure of CC V Operating, CC V Holdings Finance, Inc. or any specified subsidiary to make payment on debt with a total principal amount of $5.0 million or more or the acceleration of debt of this amount prior to maturity.

As of June 30, 2000, the total principal amount at maturity of the outstanding Avalon notes was $179.8 million, with an accreted value of $121.2 million.

JANUARY 2000 CHARTER HOLDINGS NOTES. The January 2000 Charter Holding notes were issued under three separate indentures, each dated as of January 12, 2000 among Charter Holdings and Charter Communications Holdings Capital Corporation, as the issuers, and Harris Trust and Savings Bank, as trustee. In June 2000, Charter Holdings and Charter Communications Holdings Capital Corporation exchanged these notes for new January 2000 Charter Holdings notes, with substantially similar terms, except that the new January 2000 Charter Holdings notes are registered under the Securities Act of 1933, as amended, and, therefore, do not bear legends restricting their transfer.

The January 2000 Charter Holdings notes are general unsecured obligations of Charter Holdings and Charter Communications Holdings Capital Corporation. The January 2000 10% Charter Holdings notes mature on April 1, 2009 and as of June 30, 2000, there was $675.0 million in total principal amount of these notes outstanding. The January 2000 10.25% Charter Holdings notes mature on January 15, 2010 and as of June 30, 2000, there was $325.0 million in total principal amount of these notes outstanding. The January 2000 11.75% Charter Holdings notes mature on January 15, 2010 and as of June 30, 2000, the total accreted value of these notes was approximately $316.8 million. Cash interest on the January 2000 11.75% Charter Holdings notes will not accrue prior to January 15, 2005.

The January 2000 Charter Holdings notes are senior debts of Charter Holdings and Charter Communications Holdings Capital Corporation. They rank equally with the current and future unsecured and unsubordinated debt of Charter Holdings.

Charter Holdings and Charter Communications Holdings Capital Corporation will not have the right to redeem the January 2000 10.00% Charter Holdings notes prior to their maturity date on April 1, 2009. Before January 15, 2003, Charter Holdings and Charter Communications Holdings Capital Corporation may redeem up to 35% of the January 2000 10.25% Charter Holdings notes and the January 2000 11.75% Charter Holdings notes, in each case, at a premium with the proceeds of certain offerings of equity securities. In addition, on or after January 15, 2005, Charter Holdings and Charter Communications Holdings Capital Corporation may redeem some or all of the January 2000 10.25% Charter Holdings notes and the January 2000 11.75% Charter Holdings notes at any time, in each case, at a premium. The optional redemption price declines to 100% of the principal amount of the January 2000 Charter Holdings notes redeemed, plus accrued and unpaid interest, if any, for redemption on or after January 15, 2008.

In the event of a specified change of control event, Charter Holdings and Charter Communications Holdings Capital Corporation must offer to repurchase any then outstanding January 2000 Charter Holdings notes at 101% of their aggregate principal amount or accreted value, as applicable, plus accrued and unpaid interest, if any.

The indentures governing the January 2000 Charter Holdings notes contain substantially identical events of default, affirmative covenants and negative covenants as those contained in the indentures governing the March 1999 Charter Holdings notes.

INTERCOMPANY LOANS

For a description of certain intercompany loans made by Charter Communications, Inc. and Charter Communications Holding Company to certain of their subsidiaries, see "Certain Relationships and Related Transactions -- Transactions with Management and Others -- Intercompany Loans."

DESCRIPTION OF CAPITAL STOCK AND MEMBERSHIP UNITS

GENERAL

Our capital stock and the provisions of our restated certificate of incorporation and bylaws are 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 and are incorporated by reference hereto.

Our authorized capital stock consists of 1.750 billion shares of Class A common stock, par value $.001 per share, 750 million shares of Class B common stock, par value $.001 per share, and 250 million shares of preferred stock, par value $.001 per share.

Our restated certificate of incorporation and Charter Communications Holding Company's amended and restated limited liability company agreement contain provisions that are designed to cause the number of shares of our common stock that are outstanding to equal the number of common membership units of Charter Communications Holding Company owned by Charter Communications, Inc. and to cause the value of a share of common stock to be equal to the value of a common membership unit. These provisions are meant to allow a holder of our common stock to easily understand the economic interest that such holder's common shares represent of Charter Communications Holding Company's business.

In particular, provisions in our restated certificate of incorporation provide that:

(1) at all times the number of shares of our common stock outstanding will be equal to the number of Charter Communications Holding Company common membership units owned by Charter Communications, Inc.;

(2) Charter Communications, Inc. will not hold any assets other than, among other allowable assets:

- working capital and cash held for the payment of current obligations and receivables from Charter Communications Holding Company;

- common membership units of Charter Communications Holding Company; and

- obligations and equity interests of Charter Communications Holding Company that correspond to obligations and equity interests issued by Charter Communications, Inc.;

(3) Charter Communications, Inc. will not borrow any money or enter into any capital lease unless Charter Communications Holding Company enters into the same arrangements with Charter Communications, Inc. so that Charter Communications, Inc.'s liability flows through to Charter Communications Holding Company.

Provisions in Charter Communications Holding Company's amended and restated limited liability company agreement provide that upon the contribution by Charter Communications, Inc. of assets acquired through the issuance of common stock by Charter Communications, Inc., Charter Communications Holding Company will issue to Charter Communications, Inc. an equal number of common membership units as Charter Communications, Inc. issued shares of common stock. In the event of the contribution by Charter Communications, Inc. of assets acquired through the issuance of indebtedness or preferred interests of Charter Communications, Inc., Charter Communications Holding Company will issue to Charter Communications, Inc. a corresponding obligation to allow Charter Communications, Inc. to pass through to Charter Communications Holding Company these liabilities or preferred interests.

COMMON STOCK

There are 233,735,768 shares of Class A common stock issued and outstanding and 50,000 shares of Class B common stock issued and outstanding. If, as described below, all shares of Class B common stock convert to shares of Class A common stock as a result of dispositions by Mr. Allen and his affiliates, the holders of Class A common stock will be entitled to elect all members of the board of directors, other than any members elected separately by the holders of any preferred shares.

VOTING RIGHTS. The holders of Class A common stock and Class B common stock generally have identical rights, except:

- each Class A common shareholder is entitled to one vote per share; and

- each Class B common shareholder is entitled to a number of votes based on the number of outstanding Class B common stock and Charter Communications Holding Company membership units exchangeable for Class B common stock. For example, Mr. Allen is entitled to ten votes for each share of Class B common stock held by him or his affiliates and ten votes for each membership unit held by him or his affiliates; and

- the Class B common shareholders have the sole power to vote to amend or repeal the provisions of our restated certificate of incorporation relating to:

  (1) the activities in which Charter Communications, Inc. may engage;

  (2) the required ratio of outstanding shares of common stock to outstanding membership units owned by Charter Communications, Inc.; and

  (3) the restrictions on the assets and liabilities that Charter Communications, Inc. may hold.

The effect of the provisions described in the final bullet point is that holders of Class A common stock have no right to vote on these matters. These provisions allow Mr. Allen, for example, to amend the restated certificate of incorporation to permit Charter Communications, Inc. to engage in currently prohibited business activities without having to seek the approval of holders of Class A common stock.

The voting rights relating to the election of Charter Communications, Inc.'s board of directors are as follows:

- The Class B common shareholders, voting separately as a class, are entitled to elect all but one member of our board of directors.

- Class A and Class B common shareholders, voting together as one class, are entitled to elect the remaining member of our board of directors who is not elected by the Class B common shareholders.

- Class A common shareholders and Class B common shareholders are not entitled to cumulate their votes in the election of directors.

- In addition, Charter Communications, Inc. may issue one or more series of preferred stock that entitle the holders of such preferred stock to elect directors.

Other than the election of directors and any matters where Delaware law or Charter Communications, Inc.'s restated certificate of incorporation or bylaws requires otherwise, all matters to be voted on by shareholders must be approved by a majority of the votes cast by the holders of shares of Class A common stock and Class B common stock 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 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, the following actions by Charter Communications, Inc. 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:

- the issuance of any Class B common stock other than to Mr. Allen and his affiliates and other than pursuant to specified stock splits and dividends;

- the issuance of any stock other than Class A common stock (and other than Class B common stock as described above); and

- the amendment, modification or repeal of any provision of its restated certificate of incorporation relating to capital stock or the removal of directors.

Charter Communications, Inc. will lose its rights to manage the business of Charter Communications Holding Company and Charter Investment will become the sole manager of Charter Communications Holding Company if at any time a court holds that the holders of the Class B common stock no longer:

- have the number of votes per share of Class B common stock described above;

- have the right to elect, voting separately as a class, all but one member of Charter Communications Inc.'s board of directors, except for any directors elected separately by the holders of preferred stock; or

- have the right to vote as a separate class on matters that adversely affect the Class B common stock with respect to:

  (1) the issuance of equity securities of Charter Communications, Inc. other than the Class A common stock; or

  (2) the voting power of the Class B common stock.

These provisions are contained in the amended and restated limited liability company agreement of Charter Communications Holding Company. The Class B common stock could lose these rights if a holder of Class A common stock successfully challenges in a court proceeding the voting rights of the Class B common stock. In any of these circumstances, Charter Communications, Inc. would also lose its 100% voting control of Charter Communications Holding Company as provided in Charter Communications Holding Company's amended and restated limited liability company agreement. These provisions exist to assure Mr. Allen that he will be able to control Charter Communications Holding Company in the event he was no longer able to control Charter Communications, Inc. through his ownership of Class B common stock. These events could have a material adverse impact on our business and the market price of the Class A common stock. See "Risk Factors -- Our Structure."

DIVIDENDS. Holders of Class A common stock and Class B common stock will share ratably (based on the number of shares of common stock held) in any dividend declared by our 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.

Our restated certificate of incorporation provides that we may not pay a stock dividend unless the number of outstanding Charter Communications Holding Company common membership units are adjusted accordingly. This provision is designed to maintain the equal value between shares of common stock and membership units and the one-to-one exchange ratio.

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 or any of his affiliates sells any shares of common stock of Charter Communications, Inc. or membership units of Charter Communications Holding Company and as a result of such sale, Mr. Allen and his affiliates no longer own directly and indirectly common stock and other equity interests in Charter Communications, Inc. and membership units in Charter Communications Holding Company that in total represent at least:

- 20% of the sum of the values, calculated as of November 12, 1999, of the shares of Class B common stock directly or indirectly owned by Mr. Allen and his affiliates and the shares of Class B common stock for which outstanding Charter Communications Holding Company membership units directly or indirectly owned by Mr. Allen and his affiliates were exchangeable on that date, and

- 5% of the sum of the values, calculated as of the measuring date, of shares of outstanding common stock and other equity interests in Charter Communications, Inc. and the shares of Charter Communications, Inc. common stock for which outstanding Charter Communications Holding Company membership units are exchangeable on such date.

These provisions exist to assure that Mr. Allen will no longer be able to control Charter Communications, Inc. if after sales of his equity interests he owns an insignificant economic interest in our business. The conversion of all Class B common stock in accordance with these provisions would not trigger Charter Communications Holding Company's limited liability company agreement provisions described above whereby Charter Communications, Inc. would lose its management rights and special voting rights relating to Charter Communications Holding Company in the event of an adverse determination of a court affecting the rights of the Class B common stock.

Each holder of a share of Class B common stock has the right to convert such share into one share of Class A common stock at any time on a one-for-one basis. If a Class B common shareholder transfers any shares of Class B common stock to a person other than an authorized Class B common shareholder, these shares of Class B common stock will automatically convert into shares of Class A common stock. Authorized Class B common shareholders are Paul G. Allen, entities controlled by Mr. Allen, Mr. Allen's estate, any organization qualified under Section 501(c)(3) of the Internal Revenue Code that is Mr. Allen's beneficiary upon his death and certain trusts established by or for the benefit of Mr. Allen. In this context, "controlled" means the ownership of more than 50% of the voting power and economic interest of an entity and "transfer" means the transfer of record or beneficial ownership of any such share of Class B common stock.

OTHER RIGHTS. Shares of Class A common stock and Class B common stock will be treated equally in the event of any merger or consolidation of Charter Communications, Inc. so that:

- each class of common shareholders will receive per share the same kind and amount of capital stock, securities, cash and/or other property received by any other class of common shareholders, provided that any shares of capital stock so received may differ in a manner similar to the manner in which the shares of Class A common stock and Class B common stock differ; or

- each class of common shareholders, to the extent they receive a different kind (other than as described above) or different amount of capital stock, securities, cash and/or other property than that received by any other class of common shareholders, will receive for each share of common stock they hold, stock, securities, cash and/or other property having a value substantially equivalent to that received by such other class of common shareholders.

Upon Charter Communications, Inc.'s liquidation, dissolution or winding up, after payment in full of the amounts required to be paid to preferred shareholders, if any, all common shareholders, regardless of class, are entitled to share ratably in any assets and funds available for distribution to common shareholders.

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

Charter Communications, Inc.'s board of directors is authorized, subject to the approval of the holders of the Class B common stock, 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;

- terms of redemption (including any sinking fund provisions) and redemption price or prices;

- liquidation preferences; and

- the number of shares constituting and the designation of such series.

There are no shares of preferred stock outstanding. Charter Communications, Inc. has no present plans to issue any shares of preferred stock.

OPTIONS

As of August 31, 2000, options to purchase a total of 20,799,158 membership units in Charter Communications Holding Company are outstanding pursuant to the Charter Communications Option Plan. Of these options, 2,987,449 have vested. In addition, an option to purchase 7,044,127 membership units in Charter Communications Holding Company is outstanding pursuant to an employment agreement and a related agreement with Mr. Kent, Charter Communications, Inc.'s chief executive officer. Of Mr. Kent's options, 2,935,053 have vested as of August 31, 2000. The membership units received upon exercise of any of the options described in this paragraph are automatically exchanged for shares of our Class A common stock on a one-for-one basis. In addition, a portion of the unvested options will vest each month. See "Management -- Option Plan" and "Certain Relationships and Related Transactions -- Employment and Consulting Agreements."

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 may be deemed to have an anti-takeover effect and may delay, defer or prevent a tender offer or takeover attempt that a shareholder might consider in its best interest, including those attempts that might result in a premium over the market price for the shares held by shareholders.

SPECIAL MEETING OF SHAREHOLDERS. Our bylaws provide that, subject to the rights of holders of any series of preferred stock, special meetings of our shareholders may be called only by the chairman of our board of directors, our chief executive officer or a majority of our board of directors.

ADVANCE NOTICE REQUIREMENTS FOR SHAREHOLDER PROPOSALS AND DIRECTOR NOMINATIONS. Our bylaws provide that shareholders seeking to bring business before an annual meeting of shareholders, or to nominate candidates for election as directors at an annual meeting of shareholders, must provide timely prior written notice of their proposals. To be timely, a shareholder's notice must be received at our principal executive offices not less than 45 days nor more than 70 days prior to the first anniversary of the date on which we first mailed our proxy statement for the prior year's annual meeting. If, however, the date of the annual meeting is more than 30 days before or after the anniversary date of the prior year's annual meeting, notice by the shareholder must be received not less than 90 days prior to the annual meeting or by the 10th day following the public announcement of the date of the meeting, whichever occurs later, and not more than 120 days prior to the annual meeting. Our bylaws specify requirements as to the form and content of a shareholder's notice. These provisions may limit shareholders in bringing matters before an annual meeting of shareholders or in making nominations for directors at an annual meeting of shareholders.

AUTHORIZED BUT UNISSUED SHARES. The authorized but unissued shares of Class A common stock are available for future issuance without shareholder approval and, subject to approval by the holders of the Class B common stock, the authorized but unissued shares of Class B common stock and preferred stock are available for future issuance. 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

The Charter Communications Holding Company limited liability company agreement provides for three separate classes of common membership units designated Class A, Class B and Class C and one class of preferred membership units designated Class A. There are 572,832,242 Charter Communications Holding Company common membership units issued and outstanding and 3,006,202 preferred membership units issued and outstanding as described below.

CLASS A COMMON MEMBERSHIP UNITS. There are a total of 324,300,479 issued and outstanding Class A common membership units consisting of 217,585,246 units owned by Charter Investment and 106,715,233 units owned by Vulcan Cable III, Inc.

CLASS B COMMON MEMBERSHIP UNITS. There are a total of 233,735,768 issued and outstanding Class B common membership units all of which are owned by Charter Communications, Inc. In addition, as of August 31, 2000, there were 27,843,285 Class B common membership units underlying options issued under the Charter Communications Option Plan and under agreements with Mr. Kent. 5,922,502 of these units are subject to options that vested as of that date.

CLASS C COMMON MEMBERSHIP UNITS. There are a total of 14,795,995 issued and outstanding Class C common membership units. These units are owned by some of the sellers in the Bresnan acquisition.

CLASS A PREFERRED MEMBERSHIP UNITS. There are a total of 3,006,202 issued and outstanding Class A preferred membership units. These units are owned by some of the sellers in the Rifkin acquisition.

Any matter requiring a vote of the members of Charter Communications Holding Company requires the affirmative vote of a majority of the Class B common membership units. Charter Communications, Inc. owns all Class B common membership units and therefore controls Charter Communications Holding Company. Because Mr. Allen owns high vote Class B common stock of Charter Communications, Inc. that entitles him to approximately 95% of the voting power of the outstanding common stock of Charter Communications, Inc., Mr. Allen controls Charter Communications, Inc. and through this company has voting control of Charter Communications Holding Company.

The net cash proceeds that Charter Communications, Inc. receives from any issuance of shares of common stock will be immediately transferred to Charter Communications Holding Company in exchange for membership units equal in number to the number of shares of common stock issued by Charter Communications, Inc.

EXCHANGE AGREEMENTS

Charter Communications, Inc. is a party to an agreement permitting Vulcan Cable III Inc., Charter Investment and any other affiliate of Mr. Allen to exchange at any time on a one-for-one basis any or all of their Charter Communications Holding Company common membership units for shares of Class B common stock. This exchange may occur directly or, at the election of the exchanging holder, indirectly through a tax-free reorganization such as a share exchange or a statutory merger of any Allen-controlled entity with and into Charter Communications, Inc. or a wholly owned subsidiary of Charter Communications, Inc. In the case of an exchange in connection with a tax-free share exchange or a statutory merger, shares of Class A common stock held by Mr. Allen or the Allen-controlled entity will also be exchanged for Class B common stock. Mr. Allen currently owns shares of Class A common stock as a result of the exercise of put rights granted to sellers in the Falcon acquisition who received shares of Class A common stock in connection with that acquisition. Mr. Allen or his affiliates may in the future own additional shares of Class A common stock, for example, if they were required to repurchase shares of Class A common stock as a result of the exercise of put rights granted to the Rifkin and Bresnan sellers in respect of their shares of Class A common stock.

Similar exchange agreements also permit all other holders of Charter Communications Holding Company common membership units, other than Charter Communications, Inc., to exchange at any time on a one-for-one basis any or all of their common membership units for shares of Class A common stock. These other holders include those sellers under the Bresnan acquisition that received common membership units of Charter Communications Holding Company in connection with that acquisition.

Charter Communications Holding Company common membership units are exchangeable at any time for shares of our Class A common stock or, in the case of Mr. Allen and his affiliates, Class B common stock which is then convertible into shares of Class A common stock. The exchange agreements, Mr. Kent's option agreement and the Charter Communications Option Plan state that common membership units are exchangeable for shares of common stock at a value equal to the fair market value of the common membership units. The exchange ratio of common membership units to shares of Class A common stock will be one to one because Charter Communications, Inc. and Charter Communications Holding Company have been structured so that the fair market value of a share of the Class A common stock equals the fair market value of a common membership unit owned by Charter Communications, Inc.

Our organizational documents achieve this result by:

- limiting the assets and liabilities that Charter Communications, Inc. may hold; and

- requiring the number of shares of our common stock outstanding at any time to equal the number of common membership units owned by Charter Communications, Inc.

If we fail to comply with these provisions or they are changed, the exchange ratio may vary from one to one and will then be based on a pre-determined formula contained in the exchange agreements, Mr. Kent's option agreement and the Charter Communications Option Plan. This formula will be based on the then current relative fair market values of common membership units and common stock.

SPECIAL TAX ALLOCATION PROVISIONS

OVERVIEW. Charter Communications Holding Company's amended and restated limited liability company agreement contains a number of provisions affecting allocation of tax losses and tax profits to its members. In some situations, these provisions could result in Charter Communications, Inc. having to pay income taxes in an amount that is more than it would have had to pay if these provisions did not exist. The purpose of these provisions is to allow Mr. Allen to take advantage for tax purposes of the losses expected to be generated by Charter Communications Holding Company. We do not expect that these special tax allocation provisions will materially affect our results of operations or financial condition.

SPECIAL LOSS ALLOCATION PROVISIONS. The Charter Communications Holding Company amended and restated limited liability company agreement provides that, through the end of 2003, tax losses of Charter Communications Holding Company that would otherwise have been allocated to us based generally on the percentage of outstanding membership units will be allocated instead to the membership units held by Vulcan Cable III Inc. and Charter Investment, Inc. We expect that the effect of these special loss allocation provisions will be that Mr. Allen, through his investment in Vulcan Cable III Inc. and Charter Investment, Inc., will receive tax savings.

Except as described below, the special loss allocation provisions should not adversely affect Charter Communications, Inc. or its shareholders. This is because Charter Communications, Inc. would not be in a position to benefit from tax losses until Charter Communications Holding Company generates allocable tax profits, and we do not expect Charter Communications Holding Company to generate tax profits for the foreseeable future.

The special loss allocation provisions will reduce Mr. Allen's rights to receive distributions upon a liquidation of Charter Communications Holding Company if over time there are insufficient allocations to be made under the special profit allocation provisions described below to restore these distribution rights.

SPECIAL PROFIT ALLOCATION PROVISIONS. The amended and restated limited liability company agreement further provides that, beginning at the time Charter Communications Holding Company first becomes profitable (as determined under the applicable federal income tax rules for determining book profits), tax profits that would otherwise have been allocated to Charter Communications, Inc. based generally on its percentage of outstanding membership units will instead be allocated to Mr. Allen, through the membership units held by Vulcan Cable III Inc. and Charter Investment. We expect that these special profit allocation provisions will provide tax savings to Charter Communications, Inc. and result in additional tax costs for Mr. Allen. The special profit allocations will also have the effect of restoring over time Mr. Allen's rights to receive distributions upon a liquidation of Charter Communications Holding Company. These special profit allocations generally will continue until such time as Mr. Allen's rights to receive distributions upon a liquidation of Charter Communications Holding Company that had been reduced as a result of the special loss allocations have been fully restored. We cannot assure you that Charter Communications Holding Company will become profitable.

POSSIBLE ADVERSE IMPACT FROM THE SPECIAL ALLOCATION PROVISIONS. In a number of situations, these special tax allocations could result in our having to pay more taxes than if the special tax allocation provisions had not been adopted.

For example, the special profit allocation provisions may result in an allocation of tax profits to the membership units held by Vulcan Cable III Inc. and Charter Investment that is less than the amount of the tax losses previously allocated to these units pursuant to the special loss allocation provisions described above. In this case, we could be required to pay higher taxes but only commencing at the time when Mr. Allen's rights to receive distributions upon a liquidation of Charter Communications Holding Company have been fully restored as described above. These tax payments could reduce our reported net income for the relevant period.

As another example, under their exchange agreement with Charter Communications, Inc., Vulcan Cable III Inc. and Charter Investment may exchange some or all of their membership units for Class B common stock prior to the date that the special profit allocation provisions have had the effect of fully restoring Mr. Allen's rights to receive distributions upon a liquidation of Charter Communications Holding Company. Charter Communications, Inc. will then be allocated tax profits attributable to the membership units it receives in such exchange pursuant to the special profit allocation provisions. As a result, Charter Communications, Inc. could be required to pay higher taxes in years following such an exchange of common stock for membership units than if the special tax allocation provisions had not been adopted. These tax payments could reduce our reported net income for the relevant period.

However, we do not anticipate that the special tax allocations will result in Charter Communications, Inc. having to pay taxes in an amount that is materially different on a present value basis than the taxes that would be payable had the special tax allocation provisions not been adopted, although there is no assurance that a material difference will not result.

IMPACT OF MERGER AND OTHER NON-TAXABLE TRANSACTIONS; MR. ALLEN'S REIMBURSEMENT OBLIGATIONS. Mr. Allen, through Vulcan Cable III Inc. and Charter Investment, has the right to transfer his Charter Communications Holding Company membership units in a non-taxable transaction, including a merger, to Charter Communications, Inc. for common stock. Such a transaction may occur prior to the date that the special profit allocation provisions have had the effect of fully restoring Mr. Allen's rights to receive distributions upon a liquidation of Charter Communications Holding Company. In this case, the following will apply.

Vulcan Cable III Inc. or Charter Investment may elect to cause Charter Communications Holding Company to make additional special allocations in order to restore Mr. Allen's rights to receive distributions upon a liquidation of Charter Communications Holding Company. If this election is not made, or if an election is made but these additional special allocations are insufficient to restore these rights to Mr. Allen, Mr. Allen, Vulcan Cable III Inc. or Charter Investment, whichever person or entity receives the Class B common stock, will agree to make specified payments to Charter Communications, Inc. in respect of the common stock received. The payments will equal the amount that Charter Communications, Inc. actually pays in income taxes solely as a result of the allocation to it of tax profits because of the losses previously allocated to membership units transferred to it. Any of these payments would be made at the time Charter Communications, Inc. actually pays these income taxes.

BRESNAN SPECIAL ALLOCATION PROVISIONS. Charter Communications Holding Company's amended and restated limited liability company agreement contains provisions for special allocations of tax losses and tax profits between the Bresnan sellers receiving membership units on the one hand and Mr. Allen, through Vulcan Cable III Inc. and Charter Investment, Inc., on the other. Because of these provisions, Charter Communications, Inc. could under some circumstances be required to pay higher taxes in years following an exchange by the Bresnan sellers of membership units for shares of Class A common stock. However, we do not anticipate that any such exchange for Class A common stock will result in our having to pay taxes in an amount that is materially different on a present value basis than the taxes that would have been payable had the special allocations not been adopted, although there is no assurance that a material difference will not result.

The effect of the special loss allocations discussed above is that Mr. Allen and some of the sellers in the Bresnan transaction receive tax savings while at the same time reducing their rights to receive distributions upon a liquidation of Charter Communications Holding Company. If and when special profit allocations occur, their rights to receive distributions upon a liquidation of Charter Communications Holding Company will be restored over time, and they will likely incur some additional tax costs.

OTHER MATERIAL TERMS OF THE AMENDED AND RESTATED LIMITED LIABILITY COMPANY AGREEMENT OF CHARTER COMMUNICATIONS HOLDING COMPANY

GENERAL.

Charter Communications Holding Company's amended and restated limited liability company agreement contains provisions that permit each member (and its officers, directors, agents, shareholders, members, partners or affiliates) to engage in businesses that may compete with the businesses of Charter Communications Holding Company or any subsidiary. However, the directors of Charter Communications, Inc., including Mr. Allen and Mr. Kent, are subject to fiduciary duties under Delaware corporate law that generally require them to present business opportunities in the cable transmission business to Charter Communications, Inc.

The amended and restated limited liability company agreement restricts the business activities that Charter Communications Holding Company may engage in. See "Certain Relationships and Related Transactions -- Allocation of Business Opportunities with Mr. Allen."

TRANSFER RESTRICTIONS. The amended and restated limited liability company agreement restricts the ability of each member to transfer its membership interest unless specified 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 its business as then conducted or proposed to be conducted;

- the transfer will not result in a material and adverse limitation or restriction on the operations of Charter Communications Holding Company and its subsidiaries taken as a whole;

- the proposed transferee agrees in writing to be bound by the limited liability company agreement; and

- except for a limited number of permitted transfers under the limited liability company agreement, the transfer has been approved by the manager in its sole discretion.

SPECIAL REDEMPTION RIGHTS RELATING TO CLASS A PREFERRED MEMBERSHIP UNITS. The holders of Class A preferred membership units have the right under a separate redemption and put agreement to cause Charter Communications Holding Company to redeem their preferred membership units at specified redemption prices.

SPECIAL RIGHTS GRANTED FORMER OWNERS OF BRESNAN. The amended and restated limited liability company agreement provides that Charter Communications, Inc. must provide the Bresnan sellers that are affiliates of Blackstone Group L.P. consultative rights reasonably acceptable to Charter Communications, Inc. so that, as long as these Bresnan sellers hold Class C common membership units, they may preserve their status and benefits they get from being a venture capital operating company.

AMENDMENTS TO THE LIMITED LIABILITY COMPANY AGREEMENT. Any amendment to the limited liability company agreement generally may be adopted only upon the approval of a majority of the Class B common membership units. The agreement may not be amended in a manner that adversely affects the rights of any class of common membership units without the consent of holders holding a majority of the membership units of that class.

REGISTRATION RIGHTS

HOLDERS OF CLASS B COMMON STOCK. Charter Communications, Inc., Mr. Allen, Charter Investment, Vulcan Cable III Inc., Mr. Kent, Mr. Babcock and Mr. Wood are parties to a registration rights agreement. The agreement gives Mr. Allen and his affiliates the right to cause us to register the shares of Class A common stock issued to them upon conversion of any shares of Class B common stock that they may hold. The agreement gives Messrs. Kent, Babcock and Wood the right to cause us to register the shares of Class A common stock issuable to them upon exchange of Charter Communications Holding Company membership units.

This registration rights agreement provides that each eligible holder is entitled to unlimited "piggyback" registration rights permitting them to include their shares of Class A common stock in registration statements filed by us. These holders may also exercise their demand rights causing us, subject to specified limitations, to register their Class A shares, provided that the amount of shares subject to each demand has a market value at least equal to $50 million or, if the market value is less than $50 million, all of the Class A shares of the holders participating in the offering are included in such registration. We are obligated to pay the costs associated with all such registrations.

Holders may elect to have their shares registered pursuant to a shelf registration statement if at the time of the election, Charter Communications, Inc. is eligible to file a registration statement on Form S-3 and the amount of shares to be registered has a market value equal to at least $100.0 million on the date of the election.

Mr. Allen also has the right to cause Charter Communications, Inc. to file a shelf registration statement in connection with the resale of shares of Class A common stock then held by or issuable to specified sellers under the Falcon and Bresnan acquisitions that have the right to cause Mr. Allen to purchase equity interests issued to them as a result of these acquisitions.

All shares of Class A common stock issuable to the registration rights holders in exchange for Charter Communications Holding Company membership units and upon conversion of outstanding Class B common stock and conversion of Class B common stock issuable to the registration rights holders upon exchange of Charter Communications Holding Company membership units are subject to the registration rights described above.

FALCON SELLERS. The Falcon sellers are entitled to registration rights with respect to the shares of Class A common stock issued in exchange for Charter Communications Holding Company membership units received by them in connection with the Falcon acquisition.

These Falcon sellers or their permitted transferees have "piggyback" registration rights and up to four "demand" registration rights with respect to these shares of Class A common stock. 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, on a one-time basis, to satisfy our registration obligations by filing a shelf registration statement for shares worth a total of at least $100 million. 122,668 shares of Class A common stock covered by this prospectus are registered hereby.

BRESNAN SELLERS. The Bresnan 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 and Class A Units in CC VIII, LLC held by them.

We may register the shares of our Class A common stock issuable to the Bresnan sellers in exchange for these units for resale pursuant to a shelf registration statement on Form S-1.

The Bresnan sellers collectively will have unlimited "piggyback" registration rights and 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 and Class A Units in CC VIII, LLC. 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.

KALAMAZOO SELLER. The seller in the Kalamazoo transaction is entitled to registration rights with respect to the shares of Class A common stock issued in connection with that transaction. The Kalamazoo seller will have unlimited "piggyback" registration rights and up to two "demand" registration rights with respect to these shares of Class A common stock. The demand registration rights must be exercised with respect to tranches of Class A common stock worth at least $25 million at the time of the notice of demand.

TRANSFER AGENT AND REGISTRAR

The transfer agent and registrar for our common stock is ChaseMellon Shareholder Services, L.L.C.

SHARES ELIGIBLE FOR FUTURE SALE

We have 233,735,768 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:

- 324,300,479 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 III and Charter Investment. These membership units are exchangeable for shares of Class B common stock on a one-for-one basis. Shares of Class B common stock are convertible into Class A common stock on a one-for-one basis;

- 39,011,744 shares of Class A common stock will be issuable upon the exchange of Charter Communications Holding Company membership units and CC VIII, LLC membership units issued to specified sellers in the Bresnan acquisition. These units are exchangeable for shares of Class A common stock;

- 50,000 shares of Class A common stock will be issuable upon conversion of outstanding Class B common stock on a one-for-one basis;

- 27,843,285 shares of Class A common stock will be issuable upon the exchange of membership units in Charter Communications Holding Company that are received upon the exercise of options granted under the Charter Communications Option Plan and under agreements Mr. Kent, our 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. As of August 31, 2000, 5,922,502 of these options have vested; and

- All or a portion of 52,516 shares of Class A common stock which constituted 10% of the shares issuable as payment of a portion of the merger consideration in the Chat TV transaction, but which will be issued on September 15, 2001 in the event that no indemnity claims have been made under the Chat TV acquisition agreement. Additional Class A common stock may be issued eighteen and/or thirty-six months following September 14, 2000 if certain performance targets are satisfied.

Of the total number of our shares of Class A common stock issuable as described above, 28,274,462 shares will be eligible for immediate public resale following their issuance.

In addition, of the total number of shares of Class A common stock issued or issuable as described above, 363,312,223 shares 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 upon conversion of shares of our Class B common stock have demand and piggyback registration rights attached to them.

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.

A registration statement on Form S-8 covering the Class A common stock issuable pursuant to the exercise of options under the Charter Communications Option Plan was filed with the Securities and Exchange Commission in May 2000. 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.

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.

EXPERTS

The financial statements of Charter Communications, Inc., Charter Communications Properties Holdings, LLC and subsidiaries, CCA Group, CharterComm Holdings, L.P. and subsidiaries, Marcus Cable Holdings, LLC and subsidiaries, the Greater Media Cablevision Systems, Helican Partners I, L.P. and affiliates, the Sonic Communications Cable Television Systems, Long Beach Acquisition Corp. and CC V Holdings, LLC and subsidiaries 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 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, 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 consolidated financial statements of Marcus Cable Holdings, LLC and subsidiaries as of December 31, 1998 and 1997, and for each of the years in the three-year period ended December 31, 1998, and the consolidated financial statements of Bresnan Communications Group LLC as of December 31, 1998 and 1999 and February 14, 2000, and for each of the years in the three year period ended December 31, 1999, and the period from January 1, 2000 to February 14, 2000, 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 consolidated financial statements of R/N South Florida Cable Management Limited Partnership, the combined financial statements of Fanch Cable Systems Sold to Charter Communications, Inc. 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 Cable Michigan Inc. and subsidiaries, the audited consolidated financial statements of Avalon Cable LLC and subsidiaries, the audited financial statements of Indiana Cable Associates, Ltd, the audited consolidated financial statements of R/N South Florida Cable Management Limited Partnership, 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 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 Cable Systems, Inc. and Fanch Narragansett CSI Limited Partnership, the consolidated financial statements of North Texas Cablevision, Ltd. and the financial statements of Spring Green Communications, L.P., included in this prospectus, have been audited by Shields & Co., 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 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.

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. We are 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 audit 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.

INDEX TO FINANCIAL STATEMENTS

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

TO CHARTER COMMUNICATIONS, INC.:

We have audited the accompanying consolidated balance sheets of Charter Communications, Inc. and subsidiaries as of December 31, 1999 and 1998, and the related consolidated statements of operations, changes in stockholders' equity and cash flows for the year ended December 31, 1999, and 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 audits. We did not audit the financial statements of Charter Communications VI Operating Company, LLC and subsidiaries, and CC VII -- Falcon Systems, as of December 31, 1999, and for the periods from the dates of acquisition through December 31, 1999, which statements on a combined basis reflect total assets and total revenues of 31 percent and 6 percent, respectively, of the related consolidated totals of the Company. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for those entities, is based solely on the reports of the other auditors.

We conducted our audits in accordance with auditing standards generally accepted in the United States. 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 and the reports of other auditors provide a reasonable basis for our opinion.

In our opinion, based on our audits and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the financial position of Charter Communications, Inc. and subsidiaries as of December 31, 1999 and 1998, and the results of their operations and their cash flows for the year ended December 31, 1999, and for the period from December 24, 1998, through December 31, 1998, in conformity with accounting principles generally accepted in the United States.

/s/ ARTHUR ANDERSEN LLP

St. Louis, Missouri,
March 2, 2000

REPORT OF INDEPENDENT AUDITORS

Charter Communications VI
Operating Company, LLC

We have audited the consolidated balance sheet of Charter Communications VI Operating Company, LLC and subsidiaries as of December 31, 1999, and the related consolidated statements of operations, member's equity and cash flows for the period from inception (November 9, 1999) to December 31, 1999 (not presented separately herein). These financial statements are the responsibility of management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States. 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 Charter Communications VI Operating Company, LLC and subsidiaries at December 31, 1999, and the consolidated results of its operations and its cash flows for the period from November 9, 1999 to December 31, 1999 in conformity with accounting principles generally accepted in the United States.

/s/ ERNST & YOUNG LLP

Denver, Colorado
February 11, 2000

REPORT OF INDEPENDENT AUDITORS

Sole Member
CC VII Holdings, LLC

We have audited the combined balance sheet of the CC VII -- Falcon Systems as of December 31, 1999, and the related combined statements of operations and parent's investment and cash flows for the period from November 13, 1999 (commencement date) to December 31, 1999 (not presented separately herein). 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 audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States. 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 CC VII -- Falcon Systems at December 31, 1999 and the results of its operations and its cash flows for the period from November 13, 1999 (commencement date) to December 31, 1999, in conformity with accounting principles generally accepted in the United States.

/s/ ERNST & YOUNG LLP
Los Angeles, California
March 2, 2000

CHARTER COMMUNICATIONS, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
(DOLLARS IN THOUSANDS)

	DECEMBER 31, 1999	DECEMBER 31, 1998
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 133,706	$ 9,573
Accounts receivable, net of allowance for doubtful accounts of $11,471 and $1,728, respectively	93,743	15,108
Prepaid expenses and other	35,142	2,519
Total current assets	262,591	27,200
INVESTMENT IN CABLE PROPERTIES:		
Property, plant and equipment	3,490,573	716,242
Franchises	14,985,793	3,590,054
	18,476,366	4,306,296
OTHER ASSETS	227,550	2,031
	$18,966,507	$4,335,527
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Current maturities of long-term debt	$ --	$ 10,450
Accounts payable and accrued expenses	706,775	127,586
Payables to related party	13,183	4,334
Total current liabilities	719,958	142,370
LONG-TERM DEBT, less current maturities	8,936,455	1,991,756
DEFERRED MANAGEMENT FEES -- RELATED PARTY	21,623	15,561
OTHER LONG-TERM LIABILITIES	145,124	38,461
MINORITY INTEREST	5,381,331	2,146,549
REDEEMABLE SECURITIES	750,937	--
STOCKHOLDERS' EQUITY:		
Class A common stock	195	--
Class B common stock	--	--
Preferred stock	--	--
Additional paid-in capital	3,075,694	832
Retained deficit	(66,231)	(2)
Accumulated other comprehensive income	1,421	--
Total stockholders' equity	3,011,079	830
	$18,966,507	$4,335,527

The accompanying notes are an integral part of these consolidated statements.

CHARTER COMMUNICATIONS, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS
(DOLLARS IN THOUSANDS, EXCEPT SHARE DATA)

	YEAR ENDED DECEMBER 31, 1999	PERIOD FROM DECEMBER 24, 1998, THROUGH DECEMBER 31, 1998
REVENUES	$1,428,244	$13,713
OPERATING EXPENSES:		
Operating, general and administrative	737,957	7,134
Depreciation and amortization	745,315	8,318
Option compensation expense	79,979	845
Corporate expense charges -- related party	51,428	473
	1,614,679	16,770
Loss from operations	(186,435)	(3,057)
OTHER INCOME (EXPENSE):		
Interest expense	(477,799)	(2,353)
Interest income	34,467	133
Other, net	(8,039)	--
Loss before income taxes and minority interest	(637,806)	(5,277)
INCOME TAX EXPENSE	(1,030)	--
Loss before minority interest	(638,836)	(5,277)
MINORITY INTEREST IN LOSS OF SUBSIDIARY	572,607	5,275
Net loss	$ (66,229)	$ (2)
LOSS PER COMMON SHARE, basic and diluted	$ (2.22)	$ (0.04)
Weighted-average common shares outstanding	29,811,202	50,000

The accompanying notes are an integral part of these consolidated statements.

CHARTER COMMUNICATIONS, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
(DOLLARS IN THOUSANDS)

	CLASS A COMMON STOCK	CLASS B COMMON STOCK	ADDITIONAL PAID-IN CAPITAL	RETAINED DEFICIT	ACCUMULATED OTHER COMPREHENSIVE INCOME	TOTAL STOCKHOLDERS' EQUITY
BALANCE, December 24, 1998	$ --	$--	$ 832	$ --	$ --	$ 832
Net loss	--	--	--	(2)	--	(2)
BALANCE, December 31, 1998	--	--	832	(2)	--	830
Issuance of Class B common stock to Mr. Allen	--	--	950	--	--	950
Net proceeds from initial public offering of Class A common stock	196	--	3,547,724	--	--	3,547,920
Issuance of common stock in exchange for additional equity of subsidiary	26	--	638,535	--	--	638,561
Distributions to Charter Investment	--	--	(2,233)	--	--	(2,233)
Equity classified as redeemable securities	(27)	--	(700,759)	--	--	(700,786)
Option compensation expense	--	--	4,493	--	--	4,493
Loss on issuance of equity by subsidiary	--	--	(413,848)	--	--	(413,848)
Net loss	--	--	--	(66,229)	--	(66,229)
Unrealized gain on marketable securities available for sale	--	--	--	--	1,421	1,421
BALANCE, December 31, 1999	$195	$--	$3,075,694	$(66,231)	$1,421	$3,011,079

The accompanying notes are an integral part of these consolidated statements.

CHARTER COMMUNICATIONS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(DOLLARS IN THOUSANDS)

	YEAR ENDED DECEMBER 31, 1999	PERIOD FROM DECEMBER 24, 1998 THROUGH DECEMBER 31, 1998
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	$ (66,229)	$ (2)
Adjustments to reconcile net loss to net cash provided by operating activities--		
Minority interest in loss of subsidiary	(572,607)	(5,275)
Depreciation and amortization	745,315	8,318
Option compensation expense	79,979	845
Noncash interest expense	100,674	--
Changes in assets and liabilities, net of effects from acquisitions--		
Accounts receivable	(32,366)	(8,753)
Prepaid expenses and other	13,627	(211)
Accounts payable and accrued expenses	177,321	10,227
Payables to related party, including deferred management fees	27,653	473
Other operating activities	6,549	2,022
Net cash provided by operating activities	479,916	7,644
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property, plant and equipment	(741,508)	(13,672)
Payments for acquisitions, net of cash acquired	(7,629,564)	--
Loan to Marcus Cable Holdings	(1,680,142)	--
Other investing activities	(26,755)	--
Net cash used in investing activities	(10,077,969)	(13,672)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Borrowings of long-term debt, including proceeds from Charter Holdings Notes	10,114,188	14,200
Repayments of long-term debt	(5,694,375)	--
Payments for debt issuance costs	(113,481)	--
Net proceeds from initial public offering of Class A common stock	3,547,920	--
Proceeds from issuance of Class B common stock	950	--
Capital contributions to Charter Holdco by Vulcan Cable	1,894,290	--
Distributions to Charter Investment	(10,931)	--
Other financing activities	(16,375)	--
Net cash provided by financing activities	9,722,186	14,200
NET INCREASE IN CASH AND CASH EQUIVALENTS	124,133	8,172
CASH AND CASH EQUIVALENTS, beginning of period	9,573	1,401
CASH AND CASH EQUIVALENTS, end of period	$ 133,706	$ 9,573
CASH PAID FOR INTEREST	$ 314,606	$ 5,538
NONCASH TRANSACTIONS:		
Transfer of operating subsidiaries to the Company	$ 1,252,370	$ --
Transfer of equity interests to the Company	180,710	--
Issuance of equity as partial payments for acquisitions	683,312	--

The accompanying notes are an integral part of these consolidated statements.

CHARTER COMMUNICATIONS, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(DOLLARS IN THOUSANDS, EXCEPT SHARE DATA)

1. ORGANIZATION AND BASIS OF PRESENTATION:

Charter Communications, Inc.

On July 22, 1999, Charter Investment, Inc. (Charter Investment), a company controlled by Paul G. Allen, formed a wholly owned subsidiary, Charter Communications, Inc. (Charter), a Delaware corporation, with a nominal initial investment.

On November 12, 1999, Charter sold 195.5 million shares of Class A common stock in an initial public offering and 50,000 shares of high vote Class B common stock to Mr. Allen. The net proceeds from the offerings of approximately $3.55 billion were used to purchase membership units of Charter Communications Holding Company, LLC (Charter Holdco), except for a portion of the proceeds that were retained by Charter to acquire a portion of the equity interests of Avalon Cable of Michigan Holdings, Inc. (Avalon). In exchange for the contribution of the net proceeds from the offerings and equity interests of Avalon, Charter received 195.55 million membership units of Charter Holdco on November 12, 1999, representing a 100% voting interest and an approximate 40.6% economic interest.

Prior to November 12, 1999, Charter Holdco was owned 100% by Charter Investment and Vulcan Cable III Inc. (Vulcan Cable), both entities controlled by Mr. Allen. Subsequent to November 12, 1999, Mr. Allen controls Charter through his ownership of all of the high vote Class B common stock and Charter controls Charter Holdco through its ownership of all the voting interests. Charter's purchase of 50,000 membership units of Charter Holdco was accounted for as a reorganization of entities under common control similar to a pooling of interests. Accordingly, beginning December 23, 1998, the date Mr. Allen first controlled Charter Holdco, the assets and liabilities of Charter Holdco are reflected in the consolidated financial statements of Charter at Mr. Allen's basis and minority interest is recorded representing that portion of the economic interests not owned by Charter. For financial reporting purposes, 50,000 of the membership units previously issued by Charter Holdco to companies controlled by Mr. Allen are considered held by Charter effective December 23, 1998, representing an economic interest of less than 1%.

Charter is a holding company whose sole asset is a controlling equity interest in Charter Holdco, an indirect owner of cable systems. Charter and Charter Holdco and its subsidiaries are collectively referred to as the Company.

The Company owns and operates cable systems serving approximately 6.1 million (unaudited) customers, including customers from the Bresnan acquisition (see Note 21) completed in February 2000. The Company offers a full range of traditional cable television services and has begun to offer digital cable television services, interactive video programming and high-speed Internet access.

Charter Communications Holding Company, LLC

Charter Holdco, a Delaware limited liability company, was formed in February 1999 as a wholly owned subsidiary of Charter Investment. Charter Investment through its wholly owned subsidiary, Charter Communications Properties Holdings, LLC (CCPH), commenced operations with the acquisition of a cable system on September 30, 1995.

Effective December 23, 1998, through a series of transactions, Mr. Allen acquired approximately 94% of Charter Investment 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 Investment acquired, for fair value from unrelated third parties, all 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. Charter Investment 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 Investment 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 Charter Holdco. 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 CCPH, CharterComm Holdings and CCA Group, Charter Holdco has applied push-down accounting in the preparation of its consolidated financial statements. Accordingly, on December 23, 1998, Charter Holdco increased its members' equity by $2.2 billion to reflect the amounts paid by Mr. Allen and Charter Investment. 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.

On April 23, 1998, Mr. Allen and a company controlled by Mr. Allen, (collectively, the "Mr. 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, Mr. 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 Mr. Allen obtained voting control of Marcus Cable. Accordingly, the results of operations of Marcus Cable have been included in the consolidated financial statements from April 1, 1999. The assets and liabilities of Marcus Cable have been recorded in the consolidated financial statements using historical carrying values reflected in the accounts of the Mr. Allen Companies. Total member's equity of Charter Holdco increased by $1.3 billion as a result of the Marcus Cable acquisition. Previously, on April 23, 1998, the Mr. Allen Companies recorded the assets acquired and liabilities assumed of Marcus Cable based on their relative fair values.

The consolidated financial statements of Charter Holdco include the accounts of Charter Operating and CCPH, the accounts of CharterComm Holdings and CCA Group and their subsidiaries since December 23, 1998 (date acquired by Charter Investment), and the accounts of Marcus Cable since March 31, 1999. All subsidiaries are indirect wholly owned by Charter Holdco. All material intercompany transactions and balances have been eliminated.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Cash Equivalents

The Company considers all highly liquid investments with original maturities of three months or less to be cash equivalents. 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, while 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 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. Accumulated amortization related to franchises was $650.5 million and $5.3 million, as of December 31, 1999 and 1998, respectively. Amortization expense related to franchises for the year ended December 31, 1999, and for the period from December 24, 1998, through December 31, 1998, was $520.0 million and $5.3 million, respectively.

Deferred Financing Costs

Costs related to borrowings are deferred and amortized to interest expense using the effective interest method over the terms of the related borrowings. As of December 31, 1999, others assets include $120.7 million of deferred financing costs, net of accumulated amortization of $10.3 million.

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 net 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 system. As of December 31, 1999 and 1998, no installation revenue has been deferred, as direct selling costs have exceeded installation revenue.

Local governmental authorities impose franchise fees on the Company ranging up to a federally mandated maximum of 5.0% of gross revenues. Such fees are collected on a monthly basis, from the Company's customers and are periodically remitted to local franchise authorities. Franchise fees collected and paid are reported as revenues and expenses.

Channel Launch Payments

The Company receives upfront payments from certain programmers to launch and promote new cable television channels. A portion of these payments represents reimbursement of advertising costs paid by the Company to promote the new channels. These reimbursements have been immaterial. The remaining portion is being amortized as an offset to programming expense over the respective terms of the program agreements which range from one to 20 years. For the year ended December 31, 1999, and for the period from December 24, 1998, through December 31, 1998, the Company amortized and recorded as a reduction of programming costs $3.4 million and $12, respectively. As of December 31, 1999, the unamortized portion of payments received totaled $13.4 million and is included in other long-term liabilities.

Direct Response Advertising

The Company expenses the production costs of advertising as incurred, except for direct response advertising, which is deferred and amortized over its expected period of future benefits. Direct response advertising consists primarily of direct mailings and radio, newspaper and cross-channel television advertisements that include a phone number for use in ordering the Company's products and services. The deferred advertising costs are amortized to advertising expense over the periods during which the future benefits are expected to be received. The periods range from two to four years depending on the type of service the customer subscribes to and represents the period the customer is expected to remain connected to the cable system. As of December 31, 1999, $700 of deferred advertising costs is included in other assets. Advertising expense was $30.0 million for the year ended December 31, 1999, including amortization of deferred advertising costs totaling $87.

Investments and Other Comprehensive Income

Investments in equity securities are accounted for in accordance with SFAS No. 115, Accounting for Certain Investments in Debt and Equity Securities. The Company owns common stock of WorldGate Communications, Inc. (WorldGate) that is classified as "available for sale" and reported at market value with unrealized gains and losses recorded as accumulated other comprehensive income. Based on quoted market prices, the investment was valued at $5.4 million as of December 31, 1999, and is included in other assets. Comprehensive loss for the year ended December 31, 1999, and for the period from December 24, 1998, through December 31, 1998, was $64.8 million and $2, respectively.

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 designated for hedging purposes and are not held or issued for speculative purposes.

Income Taxes

Substantially all of the taxable income, gains, losses, deductions and credits of Charter Holdco are passed through to its partners, Charter Investment, Vulcan Cable and Charter. Prior to November 12, 1999, income taxes were the responsibility of the owners of Charter Investment and Vulcan Cable and are not provided for in the accompanying consolidated financial statements. Beginning November 12, 1999, Charter is responsible for its share of taxable income (loss) of Charter Holdco allocated to Charter in accordance with partnership tax rules and regulations. The tax basis of Charter's investment in Charter Holdco is not materially different than the carrying value of the investment for financial reporting purposes as of December 31, 1999.

Charter Holdco's limited liability company agreement provides that through the end of 2003, tax losses of Charter Holdco that would otherwise have been allocated to Charter will instead be allocated to the membership units held by Vulcan Cable and Charter Investment. At the time Charter first becomes profitable (as determined under the applicable federal income tax rules), the profits that would otherwise have been allocated to Charter will instead be allocated to the membership units held by Vulcan Cable and Charter Investment until the tax benefits are fully restored. Management does not expect Charter Holdco to generate tax profits in the foreseeable future.

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 individual segments have been aggregated into one segment, cable services.

Loss per Common Share

For purposes of the loss per common share calculation for the period from December 24, 1998, through December 31, 1998, Mr. Allen's 50,000 shares of high vote Class B common stock are considered to be outstanding for the entire period. Basic loss per common share is computed by dividing the net loss by 50,000 shares for 1998 and 29,811,202 shares for 1999, representing the weighted average common shares outstanding during 1999. Diluted loss per common share equals basic loss per common share for the periods presented, as the effect of stock options is anti-dilutive because the Company generated net losses. All membership units of Charter Holdco are exchangeable on a one-for-one basis into common stock of Charter at the option of the holders. Should the holders exchange units for shares, the effect would not be dilutive.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United Sates 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.

3. ACQUISITIONS:

During 1999, the Company acquired cable systems in 11 separate transactions for an aggregate purchase price, of $7.6 billion, net of cash acquired, excluding debt assumed of $2.5 billion. In connection with two of the acquisitions, Charter Holdco issued equity interests totaling $683.3 million. The purchase prices were allocated to assets acquired and liabilities assumed based on their relative fair values, including amounts assigned to franchises of $9.7 billion. The allocation of the purchase prices for these acquisitions are based, in part, on preliminary information, which is subject to adjustment upon obtaining complete valuation information. Management believes that finalization of the purchase prices and allocation will not have a material impact on the consolidated 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.

Unaudited pro forma operating results of the Company as though the acquisitions discussed above, including the Paul Allen Transaction and the acquisition of Marcus Holdings, and the initial public offering of common stock and the March 1999 refinancing of debt discussed herein, had occurred on January 1, 1998, with adjustments to give effect to amortization of franchises, interest expense, minority interest and certain other adjustments are as follows:

	YEAR ENDED DECEMBER 31, 1999 (UNAUDITED)	YEAR ENDED DECEMBER 31, 1998 (UNAUDITED)
Revenues	$ 2,624,394	$ 2,412,252
Loss from operations	(355,030)	(333,595)
Loss before minority interest	(1,181,635)	(1,165,806)
Net loss	(479,744)	(473,317)

The unaudited pro forma financial 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. ALLOWANCE FOR DOUBTFUL ACCOUNTS:

Activity in the allowance for doubtful accounts is summarized as follows:

	YEAR ENDED DECEMBER 31, 1999	PERIOD FROM DECEMBER 24, 1998, THROUGH DECEMBER 31, 1998
Balance, beginning of period	$ 1,728	$1,702
Acquisitions of cable systems	5,860	--
Charged to expense	20,872	26
Uncollected balances written off, net of recoveries	(16,989)	--
Balance, end of period	$ 11,471	$1,728

5. PROPERTY, PLANT AND EQUIPMENT:

Property, plant and equipment consists of the following at December 31:

	1999	1998
Cable distribution systems	$3,523,217	$661,749
Land, buildings and leasehold improvements	108,214	26,670
Vehicles and equipment	176,221	30,590
	3,807,652	719,009
Less--Accumulated depreciation	(317,079)	(2,767)
	$3,490,573	$716,242

For the year ended December 31, 1999, and for the period from December 24, 1998, through December 31, 1998, depreciation expense was $225.0 million and $2.8 million, respectively.

6. ACCOUNTS PAYABLE AND ACCRUED EXPENSES:

Accounts payable and accrued expenses consist of the following at December 31:

	1999	1998
Accounts payable	$112,233	$ 7,439
Liability for pending transfer of cable system	88,200	--
Accrued interest	85,870	30,809
Programming costs	72,245	11,856
Capital expenditures	66,713	15,560
Franchise fees	46,524	12,534
Accrued general and administrative	39,648	6,688
Accrued income taxes	4,188	15,205
Other accrued liabilities	191,154	27,495
	$706,775	$127,586

The liability for pending transfer of cable system represents the fair value of a cable system to be transferred upon obtaining necessary regulatory approvals in connection with the transaction with InterMedia Capital Partners IV L. P., InterMedia Partners and their affiliates. Such approvals were subsequently obtained and the system assets were transferred in March 2000.

7. LONG-TERM DEBT:

Long-term debt consists of the following at December 31:

	1999	1998
Charter Holdings:		
14.000% Senior Secured Discount Debentures	$ --	$ 109,152
11.250% Senior Notes	--	125,000
8.250% Senior Notes	600,000	--
8.625% Senior Notes	1,500,000	--
9.920% Senior Discount Notes	1,475,000	--
Renaissance:		
10.000% Senior Discount Notes	114,413	--
Rifkin:		
11.125% Senior Subordinated Notes	900	--
Avalon:		
9.375% Senior Subordinated Notes	150,000	--
11.875% Senior Discount Notes	196,000	--
7.000% Note payable, due 2003	500	--
CC VII Holdings, LLC (Falcon):		
8.375% Senior Debentures	375,000	--
9.285% Senior Discount Debentures	435,250	--

	1999	1998
Credit Facilities:		
Credit Agreements (including CCPH, CCA Group and CharterComm Holdings)	--	1,726,500
Charter Operating	2,906,000	--
CC Michigan, LLC and CC New England, LLC (Avalon)	170,000	--
CC VI Operating Company, LLC (Fanch)	850,000	--
Falcon Cable Communications, LLC	865,500	--
	9,638,563	1,960,652
Current maturities	--	(10,450)
Unamortized net (discount) premium	(702,108)	41,554
	$8,936,455	$1,991,756

In March 1999, Charter Holdings and Marcus Holdings extinguished substantially all existing long-term debt, excluding borrowings 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 "Charter Operating Credit Facilities").

Charter Holdings Notes

In March 1999, Charter Holdings and Charter Communications Holdings Capital Corporation, a wholly owned subsidiary of Charter Holdings, (collectively, the "Issuers") 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 $905.5 million, (collectively with the 8.250% Senior Notes and the 8.625% Senior Notes, referred to as the "Charter Holdings Notes").

The 8.250% Senior Notes are not redeemable prior to maturity. Interest is payable semi-annually 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 Issuers at amounts decreasing from 104.313% to 100% of par value 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 semi-annually 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 Issuers at amounts decreasing from 104.960% to 100% of accreted value beginning April 1, 2004. At any time prior to April 1, 2002, the Issuers 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. Thereafter, cash interest is payable semi-annually 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. The unamortized discount was $497.2 million at December 31, 1999.

The Charter Holdings Notes rank equally with current and future unsecured and unsubordinated indebtedness (including accounts payables of the Company). The Issuers are required to make an offer to repurchase all of the Charter Holdings 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 of the Company.

Renaissance Notes

In connection with the acquisition of Renaissance Media Group LLC (Renaissance) during the second quarter of 1999, the Company assumed $163.2 million principal amount at maturity of senior discount notes due April 2008 (the "Renaissance Notes"). As a result of the change in control of Renaissance, the Company was required to make an offer to repurchase the Renaissance Notes at 101% of their accreted value. 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 outstanding principal amount at maturity for repurchase. These notes were repurchased using a portion of the proceeds from the Charter Holdings Notes.

As of December 31, 1999, $114.4 million aggregate principal amount at maturity of Renaissance Notes with an accreted value of $83.0 million remain 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 and unpaid interest, declining to 100% of the principal amount at maturity, plus accrued and unpaid 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 membership units at 110% of their accreted value, plus accrued and unpaid interest on the redemption date, provided that after any such redemption, at least $106 million aggregate principal amount at maturity remains outstanding.

Rifkin Notes

The Company acquired Rifkin Acquisition Partners L.L.L.P. and InterLink Communications, Partners, LLLP (collectively, "Rifkin") in September 1999 and assumed Rifkin's 11.125% senior subordinated notes due 2006 (the "Rifkin Notes") together with a $3.0 million promissory note payable to Monroe Rifkin,. Interest on the Rifkin Notes is payable semi-annually on January 15 and July 15 of each year. In September 1999, the Company commenced an offer to repurchase any and all of the outstanding Rifkin Notes, for cash at a premium over the principal amounts. In conjunction with this tender offer, the Company sought and obtained the consent of a majority in principal amount of the note holders of the outstanding Rifkin Notes to proposed amendments to the indenture governing the Rifkin Notes, which eliminated substantially all of the restrictive covenants. In October 1999, the Company repurchased a portion of the Rifkin Notes with a total outstanding principal amount of $124.1 million for a total of $140.6 million, including a consent fee to the holders who delivered timely consents amending the indenture, and repurchased the promissory note issued to Monroe Rifkin for $3.4 million. These notes were paid using borrowings from the Charter Operating Credit Facilities. At December 31, 1999, $900 aggregate principal of Rifkin Notes remain outstanding.

Avalon Notes

The Company acquired CC V Holdings, LLC (Avalon) (formerly known as Avalon Cable LLC) in November 1999 and assumed Avalon's 11.875% Senior Discount Notes Due 2008 (the "Avalon 11.875% Notes") and 9.375% Subordinated Notes Due 2008 (the "Avalon 9.375% Notes"). As of December 31, 1999, $196.0 million aggregate principal amount of the Avalon 11.875% Notes with an accreted value of $124.8 million and $150.0 million principal amount of the Avalon 9.375% Notes were outstanding. After December 1, 2003, cash interest on the Avalon 11.875% Notes will be payable semi-annually on June 1 and December 1 of each year, commencing June 1, 2004.

On December 3, 1999, the Company commenced a change of control offer with respect to the Avalon 9.375% Notes and a change of control offer with respect to the Avalon 11.875% Notes at purchase prices of 101% of principal amount or accreted value, as applicable. In January 2000, the Company completed the repurchase of the Avalon 9.375% Notes with a total outstanding principal amount of $134.0 million for a total of $137.4 million. In addition to the change of control repurchase, the Company repurchased the remaining outstanding principal amount of $16.0 million in the open market for $16.3 million. Also in January 2000, the Company repurchased a portion of the Avalon 11.875% Notes with a total outstanding principal amount of $16.3 million for a total of $10.5 million. The repurchase of the Avalon 9.375% Notes and the Avalon 11.875% Notes was funded by a portion of the cash proceeds from the issuance of additional notes by Charter Holdings in January 2000 (the "January 2000 Charter Holdings Notes"). Avalon 11.875% Notes with a total principal amount at maturity of $179.8 million and an accreted value of $116.4 million remain outstanding after the repurchases.

Falcon Debentures

The Company acquired CC VII Holdings, LLC (Falcon) (formerly known as Falcon Communications, L.P.) in November 1999 and assumed Falcon's 8.375% Senior Debentures Due 2010 (the "Falcon 8.375% Debentures") and 9.285% Senior Discount Debentures Due 2010 (the "Falcon 9.285% Debentures", collectively, with the Falcon 8.375% Debentures, the "Falcon Debentures"). As of December 31, 1999, $375.0 million aggregate principal amount of the Falcon 8.375% Debentures and $435.3 million aggregate principal amount of the Falcon 9.285% Debentures, with an accreted value of $323.0 million were outstanding.

On December 10, 1999, the Company commenced change of control offers and offered to repurchase the Falcon Debentures at purchase prices of 101% of principal amount, plus unpaid and accrued interest, or accreted value, as applicable. In February 2000, the Company completed the repurchase of the Falcon 8.375% Debentures with a total outstanding principal amount of $317.4 million for a total of $328.6 million. In addition to the change of control repurchase, the Company repurchased the Falcon 8.375% Debentures with a total outstanding principal amount of $57.6 million in the open market for $59.4 million. Also, in February 2000, the Company repurchased the Falcon 9.285% Debentures with an aggregate principal amount of $230.0 million for a total of $173.8 million. In addition to the change of control repurchase, the Company repurchased the Falcon 9.285% Debentures with an aggregate principal amount of $205.3 million in the open market for $154.3 million. The repurchase of all the Falcon Debentures was funded by a portion of the proceeds from the January 2000 Charter Holdings Notes.

Helicon Notes

The Company acquired Helicon I, L.P. and affiliates (Helicon) in July 1999 and assumed Helicon's 11% Senior Secured Notes due 2003 (the "Helicon Notes"). On November 1, 1999, the Company redeemed all of the Helicon Notes at a purchase price equal to 103% of their principal amount, plus accrued interest, for $124.8 million using borrowings from the Charter Operating Credit Facilities.

Charter Operating Credit Facilities

The Charter Operating Credit Facilities provide for two term facilities, one with a principal amount of $1.0 billion that matures September 2007 (Term A), and the other with the principal amount of $1.85 billion that matures March 2008 (Term B). The Charter Operating Credit Facilities also provide for a $1.25 billion revolving credit facility with a maturity date of September 2007 and at the options of the lenders, supplemental credit facilities, in the amount of $500.0 million available until March 18, 2002. Amounts under the Charter Operating Credit Facilities bear interest at the Base Rate or the Eurodollar rate, as defined, plus a margin of up to 2.75% (8.22% to 8.97% as of December 31, 1999). 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. As of December 31, 1999, the unused availability was $1.2 billion. In March 2000, the credit agreement was amended to increase the amount of the supplemental credit facility to $1.0 billion. In connection with this amendment, $600.0 million of the supplemental credit facility (the "Incremental Term Loan") was drawn down. The Incremental Term Loan maturity date is September 18, 2008.

Avalon Credit Facilities

In connection with the Avalon acquisition, the Company entered into a new credit agreement (the "Avalon Credit Facilities"). The Avalon Credit Facilities have maximum borrowings of $300.0 million, consisting of a revolving facility in the amount of $175.0 million that matures May 15, 2008, and a Term B loan in the amount of $125.0 million that matures on November 15, 2008. The Avalon Credit Facilities also provide for, at the options of the lenders, supplemental credit facilities in the amounts of $75 million available until December 31, 2003. All amounts mature in June 2008. Amounts under the Avalon Credit Facilities bear interest at the Base Rate or the Eurodollar rate, as defined, plus a margin up to 2.75% (7.995% to 8.870% as of December 31, 1999). A quarterly commitment fee of between 0.250% and 0.375% per annum is payable on the unborrowed balance. The Company borrowed $170.0 million under the Avalon Credit Facilities to fund a portion of the Avalon purchase price. As of December 31, 1999, unused availability was $ 130.0 million.

Fanch Credit Facilities

In connection with the acquisition of cable systems of Fanch Cablevision L.P. and affiliates (Fanch), the Company entered into a new credit agreement (the "Fanch Credit Facilities"). The Fanch Credit Facilities provide for two term facilities, one with a principal amount of $450.0 million that matures May 2008 (Term A), and the other with the principal amount of $400.0 million that matures November 2008 (Term B). The Fanch Credit Facilities also provide for a $350.0 million revolving credit facility with a maturity date of May 2008 and at the options of the lenders, supplemental credit facilities, in the amount of $300.0 million available until December 31, 2004. Amounts under the Fanch Credit Facilities bear interest at the Base Rate or the Eurodollar rate, as defined, plus a margin of up to 2.75% (8.12% to 8.87% as of December 31, 1999). A quarterly commitment fee of between 0.250% and 0.375% per annum is payable on the unborrowed balance. The Company used $850.0 million of the credit facilities to fund a portion of the Fanch purchase price. As of December 31, 1999, unused availability was $ 350.0 million.

Falcon Credit Facilities

In connection with the Falcon acquisition, the existing Falcon credit agreement (the "Falcon Credit Facilities") was amended to provide for two term facilities, one with a principal amount of $200.0 million that matures June 2007 (Term B), and the other with the principal amount of $300.0 million that matures December 2007 (Term C). The Falcon Credit Facilities also provide for a $646.0 million revolving credit facility with a maturity date of December 2006 and at the options of the lenders, supplemental credit facilities in the amounts of $700.0 million with a maturity date of December 2007. At December 31, 1999, $110.0 million was outstanding under the supplemental credit facilities. Amounts under the Falcon Credit Facilities bear interest at the Base Rate or the Eurodollar rate, as defined, plus a margin of up to 2.5% (7.57% to 8.73% as of December 31, 1999). A quarterly commitment fee of between 0.25% and 0.375% per annum is payable on the unborrowed balance. As of December 31, 1999, unused availability was $ 390.5 million. However, debt covenants limit the amount that can be borrowed to $342.0 million at December 31, 1999.

The indentures governing the debt agreements require issuers of the debt 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 Charter Holdings, Charter Holdco and Charter.

Based upon outstanding indebtedness at December 31, 1999, the amortization of term loans, scheduled reductions in available borrowings of the revolving credit facilities, and the maturity dates for all senior and subordinated notes and debentures, aggregate future principal payments on the total borrowings under all debt agreements at December 31, 1999, are as follows:

YEAR	AMOUNT
2000	$ --
2001	5,000
2002	93,875
2003	284,229
2004	261,423
Thereafter	8,994,036
	$9,638,563

8. FAIR VALUE OF FINANCIAL INSTRUMENTS:

A summary of debt and the related interest rate hedge agreements at December 31, 1999, is as follows:

	CARRYING VALUE	NOTIONAL AMOUNT	FAIR VALUE
DEBT			
Charter Holdings:			
8.250% Senior Notes	$ 598,557	$ --	$ 558,000
8.625% Senior Notes	1,495,787	--	1,395,000
9.920% Senior Discount Notes	977,807	--	881,313
Renaissance:			
10.000% Senior Discount Notes	86,507	--	79,517
Rifkin:			
11.125% Senior Subordinated Notes	954	--	990
Avalon:			
9.375% Senior Subordinated Notes	151,500	--	151,500
11.875% Senior Discount Notes	129,212	--	129,212
7.000% Note payable, due 2003	500	--	500
CC VII Holdings, LLC (Falcon):			
8.375% Senior Debentures	378,750	--	378,750
9.285% Senior Discount Debentures	325,381	--	325,381
Credit Facilities:			
Charter Operating	2,906,000	--	2,906,000
CC Michigan LLC and CC New England LLC (Avalon)	170,000	--	170,000
CC VI Operating, LLC (Fanch)	850,000	--	850,000
Falcon Cable Communications, LLC	865,500	--	865,500

	CARRYING VALUE	NOTIONAL AMOUNT	FAIR VALUE
INTEREST RATE HEDGE AGREEMENTS			
Swaps	$ (6,827)	$4,542,713	$ (47,220)
Caps	--	15,000	16
Collars	1,361	240,000	(199)

A summary of debt and the related interest rate hedge agreements at December 31, 1998, is as follows:

	CARRYING VALUE	NOTIONAL AMOUNT	FAIR VALUE
DEBT			
Credit Agreements (including CCPH, CCA Group and CharterComm Holdings)	$1,726,500	$ --	$1,726,500
14.000% Senior Secured Discount Debentures	138,102	--	138,102
11.250% 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, 1999 and 1998. The fair values of the 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 8.06% and 7.66% at December 31, 1999 and 1998, respectively. The weighted average interest rate for the Company's interest rate cap agreements was 9.0% and 8.55% at December 31, 1999 and 1998, respectively. The weighted average interest rate for the Company's interest rate collar agreements were 9.13% and 7.74% for the cap and floor components, respectively, at December 31, 1999, and 8.61% and 7.31%, 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.

9. STOCKHOLDERS' EQUITY:

At December 31, 1999, 1.5 billion shares of $.001 par value Class A common stock, 750 million shares of $.001 par value Class B common stock, and 250 million shares of $.001 par value preferred stock are authorized. At December 31, 1999, 221.7 million, 50,000 and no shares of Class A common stock, Class B common stock and preferred stock, respectively, were issued and outstanding. The 221.7 million shares of Class A common stock includes 26.8 million shares classified as redeemable securities (see Note 16). At December 31, 1998, there were 750 million share authorized and 50,000 shares of Class B common stock issued and outstanding.

10. INCOME TAXES:

Certain indirect subsidiaries of Charter Holdings are Corporations and file separate federal and state income tax returns. Results of operations from these subsidiaries are not material to the consolidated results of operations of the Company. Income tax expense for the year ended December 31, 1999, represents taxes assessed by certain state jurisdictions. Deferred income tax assets and liabilities are not material.

Charter files separate federal and state income tax returns and is responsible for its share of taxable income (loss) of Charter Holdco as determined by partnership tax rules and regulations and Charter Holdco's limited liability company agreement (see Note 2). Management does not expect Charter to pay any income taxes in the foreseeable future. Any net deferred income tax assets will be offset entirely by a valuation allowance because of current and expected future losses.

11. REVENUES:

Revenues consist of the following:

	YEAR ENDED DECEMBER 31, 1999	PERIOD FROM DECEMBER 24, 1998, THROUGH DECEMBER 31, 1998
Basic	$1,002,954	$ 9,347
Premium	124,788	1,415
Pay-per-view	27,537	260
Digital video	8,299	10
Advertising sales	71,997	493
Cable modem	10,107	55
Other	182,562	2,133
	$1,428,244	$13,713

12. OPERATING, GENERAL AND ADMINISTRATIVE EXPENSES:

Operating, general and administrative expenses consist of the following:

	YEAR ENDED DECEMBER 31, 1999	PERIOD FROM DECEMBER 24, 1998, THROUGH DECEMBER 31, 1998
Programming	$330,754	$3,137
General and administrative	237,480	2,377
Service	99,486	847
Advertising	31,281	344
Marketing	23,447	225
Other	15,509	204
	$737,957	$7,134

13. RELATED PARTY TRANSACTIONS:

Charter Investment 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 allocated based on the number of basic customers. Such costs totaled $16.5 million and $128 for the year ended December 31, 1999, and for the period from December 24, 1998, through December 31, 1998, respectively. All other costs incurred by Charter Investment 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 Investment 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 Investment 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 $1.0 million aggregate stop loss protection and a loss limitation of $100 per person per year. Workers' compensation coverage provides for $1.0 million aggregate stop loss protection and a loss limitation of $250 per person per year.

The Company is charged a management fee as stipulated in the management agreement between Charter Investment and Charter. To the extent management fees charged to the Company are greater (less) than the corporate expenses incurred by Charter Investment, the Company records distributions to (capital contributions from) Charter Investment. For the year ended December 31, 1999, the Company recorded distributions of $10.9 million, a portion of which have been allocated to minority interest. 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 Investment on behalf of the Company. As of December 31, 1999 and 1998, management fees currently payable of $9.2 million and $473, respectively, are included in payables to related party. 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 Investment and Charter on behalf of the Company. The credit facilities and indebtedness prohibit payments of management fees in excess of 3.5% of revenues until repayment of such indebtedness. Any amount in excess of 3.5% of revenues owed to Charter Investment based on the management agreement is recorded as deferred management fees-related party.

Charter, Mr. Allen and certain affiliates of Mr. Allen own equity interests or warrants to purchase equity interests in various entities that provide services or programming to the Company, including High Speed Access Corp. (High Speed Access), WorldGate, Wink Communications, Inc. (Wink), ZDTV, LLC (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 customers receive cable modem-based Internet access through High Speed Access and TV-based Internet access through WorldGate. For the year ended December 31, 1999, and 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 programming and certain interactive features embedded into programming for broadcast via its cable systems from Wink, ZDTV, USA Networks and Oxygen Media. The Company pays a fee for the programming service generally based on the number of customers receiving the service. Such fees for the year ended December 31, 1999, and for the period from December 24, 1998, through December 31, 1998, were approximately 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 year ended December 31, 1999, and for the period from December 24, 1998, through December 31, 1998, were less than 1% of total revenues.

14. MINORITY INTEREST AND EQUITY INTERESTS OF CHARTER HOLDCO:

Minority interest represents total members' equity of Charter Holdco multiplied by 59.4% as of December 31, 1999, and 99.96% as of December 31, 1998, the ownership percentages of Charter Holdco not owned by Charter. Members' equity of Charter Holdco was $9.1 billion as of December 31, 1999, and $2.2 billion as of December 31, 1998. Gains (losses) arising from issuances by Charter Holdco of its membership units are recorded as capital transactions thereby increasing (decreasing) stockholders' equity and (decreasing) increasing minority interest on the consolidated balance sheets.

Changes to minority interest consist of the following:

	MINORITY INTEREST
Initial transfer of Charter Investment's operating subsidiaries to Charter Holdco	$2,150,979
Option compensation expense	845
Minority interest in loss of subsidiary	(5,275)
Balance, December 31, 1998	2,146,549
Distributions to Charter Investment	(8,698)
Transfer of Marcus Holdings' operating subsidiaries to Charter Holdco	1,252,370
Transfer of Rifkin equity interests to Charter Holdco	180,710
Charter Holdco equity issued to Falcon and Rifkin sellers	683,312
Charter Holdco equity issued to Vulcan Cable for cash	1,894,290
Contribution of marketable securities by Charter Investment	951
Accretion of preferred equity of Charter Holdco	1,755
Exchange of Charter Holdco units for Charter common stock	(638,561)
Equity classified as redeemable securities	(50,151)
Minority interest in loss of subsidiary	(572,607)
Option compensation expense	75,486
Gain on issuance of equity by Charter Holdco	413,848
Unrealized gain on marketable securities available for sale	2,077
Balance, December 31, 1999	$5,381,331

The preferred equity interests in Charter Holdco held by the Rifkin sellers were exchangeable into Class A common stock of Charter at the option of the Rifkin sellers only at the time of the initial public offering. In November 1999, preferred equity interests of $130.3 million were exchanged into common stock of Charter. The membership units of Charter Holdco held by the Falcon sellers were exchangeable into Class A common stock of Charter. The units are also puttable to Mr. Allen for cash. In November 1999, membership units of $43.4 million were put to Mr. Allen and $506.6 million were exchanged into the Class A common stock of Charter. For a two-year period, equity held by the Rifkin and Falcon sellers may be put to Mr. Allen for cash.

Pursuant to a membership interests purchase agreement, as amended, Vulcan Cable contributed $500.0 million in cash on August 10, 1999, to Charter Holdco, contributed an additional $180.7 million in certain equity interests acquired in connection with the acquisition of

Rifkin in September 1999, to Charter Holdco, and contributed $644.3 million in September 1999 to Charter Holdco. All funds and equity interests were contributed to Charter Holdings. Concurrently with closing of the initial public offering, Vulcan Cable contributed $750 million in cash to Charter Holdco.

15. OPTION PLAN:

In accordance with an employment agreement between Charter Investment and the President and Chief Executive Officer of Charter and a related option agreement with the President and Chief Executive Officer, an option to purchase 7,044,127 Charter Holdco 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, Charter Holdings adopted an option plan providing for the grant of options. The plan was assumed by Charter Holdco. The option plan provides for grants of options to employees, officers and directors of Charter Holdco and its affiliates and consultants who provide services to Charter Holdco. Options granted vest over five years from the grant date, commencing 15 months after 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.

Membership units received upon exercise of the options are automatically exchanged for shares of Class A common stock of Charter on a one-for-one basis.

A summary of the activity for the Company's option plan for the year ended December 31, 1999, and for the period from December 23, 1998, through December 31, 1998, is as follows:

	1999		1998	
	SHARES	WEIGHTED AVERAGE EXERCISE PRICE	SHARES	WEIGHTED AVERAGE EXERCISE PRICE
Options outstanding, beginning of period	7,044,127	$20.00	--	$--
Granted				
December 23, 1998			7,044,127	20.00
February 9, 1999	9,111,681	20.00		
April 5, 1999	473,000	20.73		
November 8, 1999	4,741,400	19.00		
Cancelled	(612,600)	19.95		
Options outstanding, end of period	20,757,608	$19.79	7,044,127	$20.00
Weighted Average Remaining Contractual Life	9.2 years		10.0 years	
Options Exercisable, end of period	2,091,032	$19.90	1,761,032	$20.00
Weighted average fair value of options granted	$12.59		$12.50	

In February 2000, the Company granted 5.7 million options at $19.47 per share.

The Company uses the intrinsic value method prescribed by Accounting Principles Board Opinion No. 25, Accounting for Stock Issued to Employees, to account for the option plans. Option compensation expense of $80.0 million and $845 for the year ended December 31, 1999, and for the period from December 24, 1998, to December 31, 1998, respectively, has been recorded in the consolidated financial statements since the exercise prices were 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 recorded over the vesting period of each grant that varies from four to five years. As of December 31, 1999, deferred compensation remaining to be recognized in future periods totaled $79.4 million. No stock option compensation expense was recorded for the options granted on November 8, 1999, since the exercise price is equal to the estimated fair value of the underlying membership interests on the date of grant. Since the membership units are exchangeable into Class A common stock of Charter on a one-for-one basis, the estimated fair value was equal to the initial offering price of Class A common stock.

Statement of Financial Accounting Standards No. 123, Accounting for Stock-Based Compensation (SFAS 123), requires pro forma disclosure of the impact on earnings as if the compensation costs for these plans had been determined consistent with the fair value methodology of this statement. The Company's net loss would have been increased to the following unaudited pro forma amounts under SFAS 123:

	YEAR ENDED DECEMBER 31, 1999	PERIOD FROM DECEMBER 24, 1998, THROUGH DECEMBER 31, 1998
Net loss:		
As reported	$(66,229)	$ (2)
Pro forma (unaudited)	(68,923)	(2)
Basic and diluted loss per common share:		
As reported	(2.22)	(0.04)
Pro forma (unaudited)	(2.31)	(0.04)

The fair value of each option granted is estimated on the date of grant using the Black-Scholes option-pricing model. The following weighted average assumptions were used for grants during the year ended December 31, 1999, and for the period from December 24, 1998, through December 31, 1998, respectively: risk-free interest rates of 5.5% and 4.8%; expected volatility of 43.8% and 43.7%; and expected lives of 10 years. The valuations assume no dividends are paid.

16. COMMITMENTS AND CONTINGENCIES:

Leases

The Company leases certain facilities and equipment under noncancelable operating leases. Leases and rental costs charged to expense for the year ended December 31, 1999, and for the period from December 24, 1998, through December 31, 1998, were $11.2 million and $70, respectively. As of December 31, 1999, future minimum lease payments are as follows:

2000	$9,036
2001	7,141
2002	4,645
2003	3,153
2004	2,588
Thereafter	8,845

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 year ended December 31, 1999, and for the period from December 24, 1998, through December 31, 1998, was $14.3 million and $137, respectively.

Litigation

The Company is a party to lawsuits and claims 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 and claims will not have a material adverse effect on the Company's consolidated financial position or results of operations.

Redeemable Securities

As previously disclosed in Charter's Registration Statement on Form S-1, as amended, the Rifkin and Falcon sellers who own membership units of Charter Holdco, including those sellers that exchanged their units for common stock of Charter, and certain Helicon sellers who purchased Class A common stock in November 1999, may have rescission rights arising out of possible violations of Section 5 of the Securities Act of 1933, as amended, in connection with the offers and sales of these equity interests. Accordingly, the maximum potential cash obligation related to the rescission rights, estimated at $750.9 million, has been excluded from stockholders' equity or minority interest and classified as "redeemable securities" on the consolidated balance sheet at December 31, 1999. One year after the dates of issuance of these equity interests (when these rescission rights will have expired), the Company will reclassify the respective amounts to stockholders' equity or minority interest, as applicable.

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. During 1999, the amounts refunded by the Company have 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. As of December 31, 1999, approximately 18% of the Company's local franchising authorities are certified to regulate basic tier 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, deregulated rates on the cable programming service tier (CPST). The FCC has taken the position that it will still adjudicate pending CPST complaints but will strictly limit its review, and possible refund orders, to the time period predating the sunset date, March 31, 1999.

The Company does not believe any adjudications regarding their pre-sunset complaints will have a material adverse effect on the Company's consolidated financial position or results of operations.

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.

17. 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 matches 50% of the first 5% of participant contributions. The Company made contributions to the 401(k) Plans totaling $2.9 million and $20 for the year ended December 31, 1999, and for the period from December 24, 1998, through December 31, 1998, respectively.

18. ACCOUNTING STANDARD NOT YET IMPLEMENTED:

The Company is required to adopt Statement of Financial Accounting Standards Board No. 133, Accounting for Derivative Instruments and Hedging Activities (SFAS No. 133) on January 1, 2001. 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. The Company has not yet quantified the impact of adopting SFAS No. 133 on the consolidated financial statements nor has the Company determined the timing of the adoption of SFAS No. 133. However, SFAS No. 133 could increase the volatility in earnings (losses).

19. PARENT COMPANY ONLY FINANCIAL STATEMENTS:

As the result of limitations on and prohibition of distributions, substantially all of the net assets of the consolidated subsidiaries are restricted for distribution to Charter, the parent company. The following parent-only financial statements of Charter account for the investment in Charter Holdco under the equity method of accounting. The financial statements should be read in conjunction with the consolidated financial statements of the Company and notes thereto.

CHARTER COMMUNICATIONS, INC. (PARENT COMPANY ONLY)
CONDENSED BALANCE SHEETS
(DOLLARS IN THOUSANDS)

	DECEMBER 31, 1999	DECEMBER 31, 1998
ASSETS		
Cash and cash equivalents	$ 19,369	$ --
Other current assets	694	--
Investment in Charter Holdco	3,762,016	830
	$3,782,079	$830
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities	$ 9,175	$ --
Payables to related parties	10,888	--
Redeemable securities	750,937	--
Stockholders' equity	3,011,079	830
Total liabilities and stockholders' equity	$3,782,079	$830

CHARTER COMMUNICATIONS, INC. (PARENT COMPANY ONLY)
CONDENSED STATEMENTS OF OPERATIONS
(DOLLARS IN THOUSANDS)

	YEAR ENDED DECEMBER 31, 1999	PERIOD FROM DECEMBER 24, 1998, THROUGH DECEMBER 31, 1998
REVENUES		
Interest income	$ 570	$--
Management fees	716	--
Total revenues	1,286	--
EXPENSES		
Equity in losses of Charter Holdco	(66,229)	(2)
General and administrative expenses	(716)	--
Interest expense	(570)	--
Total expenses	(67,515)	(2)
Net loss	$ (66,229)	$(2)

CHARTER COMMUNICATIONS, INC. (PARENT COMPANY ONLY)
CONDENSED STATEMENTS OF CASH FLOWS
(DOLLARS IN THOUSANDS)

	YEAR ENDED DECEMBER 31, 1999	PERIOD FROM DECEMBER 24, 1998, THROUGH DECEMBER 31, 1998
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	$ (66,229)	$(2)
Equity in losses of Charter Holdco	66,229	2
Change in assets and liabilities	19,369	--
CASH FLOWS FROM INVESTING ACTIVITIES:		
Investment in Charter Holdco	(3,290,436)	--
Payment for acquisition	(258,434)	--
CASH FLOWS FROM FINANCING ACTIVITIES		
Issuance of Class B common stock to Mr. Allen	950	--
Net proceeds from initial public offering of common stock	3,547,920	--
NET INCREASE IN CASH AND CASH EQUIVALENTS	19,369	--
CASH AND CASH EQUIVALENTS, beginning of period	--	--
CASH AND CASH EQUIVALENTS, end of period	$ 19,369	$--

20. SELECTED QUARTERLY FINANCIAL DATA (UNAUDITED):

Year ended December 31, 1999:

	FIRST	SECOND	THIRD	FOURTH
Revenues	$160,955	$308,038	$376,189	$ 583,062
Loss from operations	(17,535)	(54,032)	(38,296)	(76,572)
Loss before minority interest	(76,713)	(155,186)	(164,153)	(242,784)
Net loss	(27)	(35)	(35)	(66,132)
Basic and diluted loss per common share	(0.54)	(0.70)	(0.70)	(0.56)
Weighted average shares outstanding	50,000	50,000	50,000	118,124,333

21. SUBSEQUENT EVENTS:

On January 6, 2000, Charter Holdings issued the January 2000 Charter Holdings Notes with a principal amount of $1.5 billion. The January 2000 Charter Holdings Notes are comprised of $675.0 million 10.00% Senior Notes due 2009, $325.0 million 10.25% Senior Notes due 2010, and $532.0 million 11.75% Senior Discount Notes due 2010. The net proceeds were approximately $1.3 billion, after giving effect to discounts, commissions and expenses. The proceeds from the January 2000 Charter Holdings Notes were used to finance the repurchases of debt assumed in certain transactions.

On February 14, 2000, Charter Holdco and Charter Holdings completed the acquisition of Bresnan Communications Company Limited Partnership (Bresnan). Prior to the acquisition, Charter Holdco assigned a portion of its rights to purchase Bresnan to Charter Holdings. Charter Holdco and Charter Holdings purchased 52% of Bresnan from certain sellers for cash and certain sellers contributed 18% of Bresnan to Charter Holdco for 14.8 million Class C common membership units of Charter Holdco, an approximate 2.6% equity interest in Charter Holdco. Charter Holdco then transferred its ownership interest to Charter Holdings. Thereafter, Charter Holdings and certain sellers contributed all of the outstanding interests in Bresnan to CC VIII, LLC (CC VIII), a subsidiary of Charter Holdings and Bresnan was dissolved. In exchange for the contribution of their interests in Bresnan, the sellers received approximately 24.2 million Class A preferred membership units in CC VIII representing 30% of the equity of CC VIII and are entitled to a 2% annual return on their preferred membership units. The purchase price for Bresnan was approximately $3.1 billion subject to adjustment and was comprised of $1.1 billion in cash, $384.6 million and $629.5 million in equity in Charter Holdco and CC VIII, respectively, and approximately $1.0 billion in assumed debt. All the membership units received by the sellers are exchangeable on a one-for-one basis for Class A common stock of Charter. The Bresnan cable systems acquired are located in Michigan, Minnesota, Wisconsin and Nebraska, and serve approximately 686,000 (unaudited) customers.

In March 2000, Charter repurchased all of the outstanding Bresnan 9.25% Senior Discount Notes Due 2009 with an accreted value of $192.1 million and the Bresnan 8.00% Senior Notes Due 2009 with a principal amount of $170.0 million for a total of $369.7 million. The notes were repurchased using a portion of the proceeds of the January 2000 Charter Holdings Notes.

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To Charter Communications Properties Holdings, LLC:

We have audited the accompanying consolidated statements of operations, changes in shareholder's investment and cash flows of Charter Communications Properties Holdings, LLC and subsidiaries for the period from January 1, 1998, through December 23, 1998, and for the year ended December 31, 1997. 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 auditing standards generally accepted in the United States. 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 results of the operations and the cash flows of Charter Communications Properties Holdings, LLC and subsidiaries for the period from January 1, 1998, through December 23, 1998, and for the year ended December 31, 1997, in conformity with accounting principles generally accepted in the United States.

/s/ ARTHUR ANDERSEN LLP

St. Louis, Missouri,
February 5, 1999

CHARTER COMMUNICATIONS PROPERTIES HOLDINGS, LLC AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS
(DOLLARS IN THOUSANDS)

	PERIOD FROM JANUARY 1, 1998, THROUGH DECEMBER 23, 1998	YEAR ENDED DECEMBER 31, 1997
REVENUES	$ 49,731	$18,867
OPERATING EXPENSES:		
Operating, general and administrative	25,952	11,767
Depreciation and amortization	16,864	6,103
Corporate expense allocation -- related party	6,176	566
	48,992	18,436
Income from operations	739	431
OTHER INCOME (EXPENSE):		
Interest expense	(17,277)	(5,120)
Interest income	44	41
Other, net	(728)	25
	(17,961)	(5,054)
Net loss	$(17,222)	$(4,623)

The accompanying notes are an integral part of these consolidated statements.

CHARTER COMMUNICATIONS PROPERTIES HOLDINGS, LLC AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDER'S INVESTMENT
(DOLLARS IN THOUSANDS)

	COMMON STOCK	PAID-IN CAPITAL	ACCUMULATED DEFICIT	TOTAL
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 this consolidated statement.

CHARTER COMMUNICATIONS PROPERTIES HOLDINGS, 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
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	$ (17,222)	$ (4,623)
Adjustments to reconcile net loss to net cash provided by operating activities --		
Depreciation and amortization	16,864	6,103
Noncash interest expense	267	123
Loss on sale of cable system	--	1,363
(Gain) loss on disposal of property, plant and equipment	(14)	130
Changes in assets and liabilities, net of effects from acquisition --		
Receivables	10	(227)
Prepaid expenses and other	(125)	18
Accounts payable and accrued expenses	16,927	894
Payables to manager of cable systems -- related party	5,288	(153)
Other operating activities	569	--
Net cash provided by operating activities	22,564	3,628
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property, plant and equipment	(15,364)	(7,880)
Payment for acquisition, net of cash acquired	(167,484)	--
Proceeds from sale of cable system	--	12,528
Other investing activities	(486)	--
Net cash (used in) provided by investing activities	(183,334)	4,648
CASH FLOWS FROM FINANCING ACTIVITIES:		
Borrowings of long-term debt	217,500	5,100
Repayments of long-term debt	(60,200)	(13,375)
Capital contributions	7,000	--
Payments for debt issuance costs	(3,487)	(12)
Net cash provided by (used in) financing activities	160,813	(8,287)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	43	(11)
CASH AND CASH EQUIVALENTS, beginning of period	626	637
CASH AND CASH EQUIVALENTS, end of period	$ 669	$ 626
CASH PAID FOR INTEREST	$ 7,679	$ 3,303

The accompanying notes are an integral part of these consolidated statements.

CHARTER COMMUNICATIONS PROPERTIES HOLDINGS, LLC AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(DOLLARS IN THOUSANDS)

1. ORGANIZATION AND BASIS OF PRESENTATION:

Charter Communications Properties Holdings, LLC (CCPH), a Delaware limited liability company, formerly Charter Communications Properties Holdings, Inc., 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. Prior to February 19, 1999, CCPH was wholly owned by Charter Investment, Inc. (Charter Investment).

Effective December 23, 1998, as part of a series of transactions, through which Paul G. Allen acquired Charter Investment, Mr. Allen acquired CCPH 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, CCPH was converted from a corporation to a limited liability company. Also, in conjunction with the Paul Allen Transaction, Charter Investment for fair value acquired from unrelated third parties all 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. Charter Investment previously managed and owned minority interests in these companies. In February 1999, Charter Investment 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 was a wholly owned subsidiary of Charter Investment. The transfer was accounted for as a reorganization of entities under common control similar to a pooling of interests.

The accompanying consolidated financial statements include the accounts of CCPH and CCP, its wholly owned cable operating subsidiary (collectively, the "Company"). The accounts of CharterComm Holdings and CCA Group are not included since these companies were not owned and controlled by Charter Investment prior to December 23, 1998.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Cash Equivalents

The Company considers all highly liquid investments with original maturities of three months or less to be cash equivalents. 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 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, while 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

For the period from January 1, 1998, through December 23, 1998, and for the year ended December 31, 1997, depreciation expense was $6.2 million and $3.9 million, respectively.

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 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.

Other Assets

Debt issuance costs are being amortized to interest expense using the effective interest method 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 net 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 system. As of December 23, 1998, and 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. Such fees are collected on a monthly basis from the Company's customers and are periodically remitted to local franchise authorities. Franchise fees collected and paid are reported as revenues and expenses.

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 designated for hedging purposes and are not held or issued for speculative purposes.

Income Taxes

The Company filed a consolidated income tax return with Charter Investment. Income taxes were allocated to the Company in accordance with the tax-sharing agreement between the Company and Charter Investment.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States 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.

3. ACQUISITION:

In 1998, the Company acquired a cable system 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. The excess of the cost of properties acquired over the amounts assigned to net tangible assets at the date of acquisition was $207.6 million and is included in franchises.

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. The purchase price was allocated to tangible and intangible assets based on estimated fair values at the acquisition date.

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 DECEMBER 31, 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 the transaction been completed as of the assumed date or which may be obtained in the future.

4. ALLOWANCE FOR DOUBTFUL ACCOUNTS:

Activity in the allowance for doubtful accounts is summarized as follows:

	PERIOD FROM JANUARY 1, 1998, THROUGH DECEMBER 23, 1998	FOR THE YEAR ENDED DECEMBER 31, 1997
Balance, beginning of period	$ 52	$ 87
Acquisition of system	96	--
Charged to expense	1,122	325
Uncollected balances written off, net of recoveries	(778)	(360)
Balance, end of period	$ 492	$ 52

5. 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 $12.5 million. The sale of the Ft. Hood system resulted in a loss of approximately $1.4 million, which is included in operating, general and administrative costs in the accompanying consolidated statement of operations for the year ended December 31, 1997.

6. 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 basis. 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.

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.

7. RELATED-PARTY TRANSACTIONS:

Charter Investment 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 and $220, respectively, for the period from January 1, 1998, through December 23, 1998, and the year ended December 31, 1997. All other costs incurred by Charter Investment on behalf of the Company are expensed in the accompanying consolidated 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 Investment utilized 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 $2.4 million 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 Investment and the Company. For the period from January 1, 1998, through December 23, 1998, and the year ended December 31, 1997, the management fee charged to the Company approximated the corporate expenses incurred by Charter Investment on behalf of the Company.

8. 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 year ended December 31, 1997, were $278 and $130, 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 year ended December 31, 1997, was $421 and $271, 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.

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 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 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 has taken the position that it will still adjudicate pending CPST complaints but will strictly limit its review, and possible refund orders, to the time period predating the sunset date, March 31, 1999. The Company does not believe any adjudications regarding their pre-sunset complaints will have a material adverse effect on the Company's consolidated financial position or results of operations.

A number of states 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. 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.

9. EMPLOYEE BENEFIT PLANS:

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 or 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 and $29 for the period from January 1, 1998, through December 23, 1998, and for the year ended December 31, 1997, respectively.

Appreciation Rights Plan

Certain employees of Charter participated in the 1995 Charter Communications, Inc. Appreciation Rights Plan (the "Plan"). The Plan permitted Charter Investment 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 entitled the participants to receive payment, upon termination or change in control of Charter Investment, of the excess of the unit value over the base value (defined as the appreciation value) for each vested unit. The unit value was based on adjusted equity, as defined in the Plan. Deferred compensation expense was based on the appreciation value since the grant date and was being amortized over the vesting period.

As a result of the acquisition of Charter Investment by Mr. Allen, the Plan was terminated, all outstanding units became 100% vested and all amounts were paid by Charter Investment in 1999. The cost of this plan was allocated to the Company based on the number of basic customers. The Company 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-related party and increased shareholder's investment for the cost of this plan.

10. 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 Statement No. 133, has delayed the effective date of SFAS No. 133 to fiscal years beginning after June 15, 2000. The Company has not yet quantified the impact of adopting SFAS No. 133 on the consolidated financial statements nor has determined the timing of its adoption of SFAS No. 133. However, SFAS No. 133 could increase volatility in earnings (loss).

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.

4. PROPERTY, PLANT AND EQUIPMENT:

Property, plant and equipment consists of the following at December 31, 1997:

Cable distribution systems	$ 426,241
Land, buildings and leasehold improvements	15,443
Vehicles and equipment	24,375
	466,059
Less -- Accumulated depreciation	(113,199)
	$ 352,860

Depreciation expense for the period from January 1, 1998, through December 23, 1998, and for the years ended December 31, 1997 and 1996, was $72,914, $59,599 and $39,575, respectively.

5. OTHER ASSETS:

Other assets consists of the following at December 31, 1997:

Debt issuance costs	$13,416
Note receivable	2,100
Other	1,342
	16,858
Less -- Accumulated amortization	(3,127)
	$13,731

6. ACCOUNTS PAYABLE AND ACCRUED EXPENSES:

Accounts payable and accrued expenses consist of the following at December 31, 1997:

Accrued interest	$ 8,389
Franchise fees	6,434
Programming expenses	5,855
Accounts payable	4,734
Public education and governmental costs	4,059
Salaries and related benefits	3,977
Capital expenditures	3,629
Other	11,477
	$48,554

CCA GROUP

NOTES TO COMBINED FINANCIAL STATEMENTS -- (CONTINUED)

7. LONG-TERM DEBT:

Long-term debt consists of the following at December 31, 1997:

CCE-I:	
Term loans	$274,120
Fund loans	85,000
Revolving credit facility	103,800
	462,920
CCE-II:	
Term loans	105,000
Revolving credit facility	123,500
	228,500
LBAC:	
Term loans	85,000
Revolving credit facility	8,000
	93,000
Total debt	784,420
Less -- Current maturities	(25,625)
Total long-term debt	$758,795

CCE-I CREDIT AGREEMENT

CCE-I maintains a credit agreement (the "CCE-I Credit Agreement"), which provides for a $280,000 term loan that matures on September 30, 2006, an $85,000 fund loan that matures on March 31, 2007, and a $175,000 revolving credit facility with a maturity date of September 30, 2006. Amounts under the CCE-I Credit Agreement bear interest at either the LIBOR Rate or Base Rate, as defined, plus a margin of up to 2.75%. The variable interest rate ranged from 6.88% to 8.06% at December 23, 1998, and from 7.63% to 8.50% and 7.63% to 8.38% at December 31, 1997 and 1996, respectively.

Commencing June 30, 2002, and at the end of each calendar quarter thereafter, available borrowings under the revolving credit facility and the term loan shall be reduced on an annual basis by 12.0% in 2002 and 15.0% in 2003. Commencing June 30, 2002, and at the end of each calendar quarter thereafter, the available borrowings for the fund loan shall be reduced on an annual basis by 0.75% in 2002 and 1.0% in 2003. A quarterly commitment fee of between 0.375% and 0.5% per annum is payable on the unborrowed balance of the revolving credit facility.

COMBINED CREDIT AGREEMENT

CCE-II and LBAC maintain a credit agreement (the "Combined Credit Agreement") which provides for two term loan facilities, one with the principal amount of $100,000 that matures on March 31, 2005, and the other with the principal amount of $90,000 that matures on March 31, 2006. The Combined Credit Agreement also provides for a $185,000 revolving credit facility, with a maturity date of March 31, 2005. Amounts under the Combined Credit Agreement bear interest at either the LIBOR Rate or Base Rate, as defined, plus a margin of up to 2.5%. The variable interest rate ranged from 6.56% to 7.59% at December 23, 1998, and from 7.50% to 8.38% at December 31, 1997, respectively.

Commencing March 31, 2001, and at the end of each quarter thereafter, available borrowings under the revolving credit facility and one term loan shall be reduced on an annual basis by 5.0% in 2001, 15.0% in 2002 and 18.0% in 2003. Commencing in December 31, 1999, and at the end of each quarter thereafter, available borrowings under the other term loan shall be reduced on annual basis by 0.5% in 1999, 0.8% in 2000, 1.0% in 2001, 1.0% in 2002 and 1.0% in 2003. A quarterly commitment fee of between 0.25% and 0.375% per annum, based upon the intercompany indebtedness of the Company, is payable on the unborrowed balance of the revolving credit facility.

CCE CREDIT AGREEMENT

In October 1998, Charter Communications Entertainment, L.P. (CCE L.P.), a 98% direct and indirect owner of CCE-I and CCE-II and indirectly owned subsidiary of the Company, entered into a credit agreement (the "CCE L.P. Credit Agreement") which provides for a term loan facility with the principal amount of $130,000 that matures on September 30, 2007. Amounts under the CCE L.P. Credit Agreement bear interest at the LIBOR Rate or Base Rate, as defined, plus a margin of up to 3.25%. The variable interest rate at December 23, 1998, was 8.62%.

Commencing June 30, 2002, and the end of each calendar quarter thereafter, the available borrowings for the term loan shall be reduced on an annual basis by 0.75% in 2002 and 1.0% in 2003.

CCE-II HOLDINGS CREDIT AGREEMENT

CCE-II Holdings, LLC (CCE-II Holdings), a wholly owned subsidiary of CCE L.P. and the parent of CCE-II, entered into a credit agreement (the "CCE-II Holdings Credit Agreement") in November 1998, which provides for a term loan facility with the principal amount of $95,000 that matures on September 30, 2006. Amounts under the CCE-II Holdings Credit Agreement bear interest at either the LIBOR Rate or Base Rate, as defined, plus a margin of up to 3.25%. The variable rate at December 23, 1998, was 8.56%.

Commencing June 30, 2002, and at the end of each quarter thereafter, available borrowings under the revolving credit facility and one term loan shall be reduced on an annual basis by 0.5% in 2002 and 1.0% in 2003.

The credit agreements require the Company to comply with various financial and nonfinancial covenants, including the maintenance of annualized operating cash flow to fixed charge ratio, as defined, not to exceed 1.0 to 1.0. These debt instruments also contain substantial limitations on, or prohibitions of, distributions, additional indebtedness, liens asset sales and certain other items.

8. NOTES PAYABLE:

Notes payable consists of the following at December 31, 1997:

HC Crown Note	$ 82,000
Accrued interest on HC Crown Note	36,919
Gaylord Seller Note	165,688
Accrued interest on Gaylord Seller Note	63,595
Total	$348,202

In connection with the Crown Transaction, the Company entered into an $82,000 senior subordinated loan agreement with a subsidiary of Hallmark, HC Crown Corp., and pursuant to such loan agreement issued a senior subordinated note (the "HC Crown Note"). The HC Crown Note was an unsecured obligation. The HC Crown Note was limited in aggregate principal amount to $82,000 and has a stated maturity date of December 31, 1999 (the "Stated Maturity Date"). Interest has been accrued at 13% per annum, compounded semiannually, payable upon maturity. In October 1998, the Crown Note and accrued interest was paid in full.

In connection with the Gaylord Transaction, CCT Holdings entered into a $165,700 subordinated loan agreement with Gaylord (the "Gaylord Seller Note"). Interest expense has been accrued based on an average rate of interest over the life of the Gaylord Seller Note, which approximated 15.4%.

In connection with the Gaylord Transaction, CCT Holdings, CCE L.P. and Gaylord entered into a contingent payment agreement (the "Contingent Agreement"). The Contingent Agreement indicates CCE L.P. will pay Gaylord 15% of any amount distributed to CCT Holdings in excess of the total of the Gaylord Seller Note, Crown Seller Note and $450,000. In conjunction with the Paul G. Allen acquisition of Charter and the Company, Gaylord was paid an additional $132,000 pursuant to the Contingent Agreement and the Gaylord Seller Note was paid in full.

9. FAIR VALUE OF FINANCIAL INSTRUMENTS:

A summary of debt and the related interest rate hedge agreements at December 31, 1997, is as follows:

	1997		
	CARRYING VALUE	NOTIONAL AMOUNT	FAIR VALUE
DEBT			
Debt under credit agreements	$784,420	$ --	$784,420
HC Crown Note (including accrued interest)	118,919	--	118,587
Gaylord Seller Note (including accrued interest)	229,283	--	214,074
INTEREST RATE HEDGE AGREEMENTS			
Swaps	--	405,000	(1,214)
Caps	--	120,000	--
Collars	--	190,000	(437)

As the long-term debt under the credit agreements bear interest at current market rates, their carrying amount approximates fair market value at December 31, 1997. Fair value of the HC Crown Note is based upon trading activity at December 31, 1997. Fair value of the Gaylord Seller Note is based on current redemption value.

The weighted average interest pay rate for the Company's interest rate swap agreements was 7.82% at December 31, 1997. The weighted average interest rate for the Company's interest rate cap agreements was 8.49% at December 31, 1997. The weighted average interest rates for the Company's interest rate collar agreements were 9.04% and 7.57% for the cap and floor components, respectively, at December 31, 1997.

The notional amounts of interest rate hedge agreements do not represent amounts exchanged by the parties and, thus, are not a measure of the Company's exposure through its use of interest rate hedge agreements. The amounts exchanged are determined by reference to the notional amount and the other terms of the contracts.

The fair value of interest rate hedge agreements generally reflects the estimated amounts that the Company would receive or pay (excluding accrued interest) to terminate the contracts on the reporting date, thereby taking into account the current unrealized gains or losses of open contracts. Dealer quotations are available for the Company's interest rate hedge agreements.

Management believes that the sellers of the interest rate hedge agreements will be able to meet their obligations under the agreements. In addition, some of the interest rate hedge agreements are with certain of the participating banks under the Company's Senior Credit Facility thereby reducing the exposure to credit loss. The Company has policies regarding the financial stability and credit standing of major counterparties. Nonperformance by the counterparties is not anticipated nor would it have a material adverse effect on the results of operations or the financial position of the Company.

10. COMMON STOCK:

The Company's common stock consist of the following at December 31, 1997:

CCA Holdings:	
Common stock -- Class A, voting, $.01 par value, 100,000 shares authorized; 75,515 shares issued and outstanding	$ 1
Common stock -- Class B, voting, $.01 par value, 20,000 shares authorized; 4,300 shares issued and outstanding	--
Common stock -- Class C, nonvoting, $.01 par value, 5,000 shares authorized; 185 shares issued and outstanding	--
	1
CCT Holdings:	
Common stock -- Class A, voting, $.01 par value, 20,000 shares authorized; 16,726 shares issued and outstanding	--
Common stock -- Class B, voting, $.01 par value, 4,000 shares authorized; 3,000 shares issued and outstanding	--
Common stock -- Class C, nonvoting, $.01 par value, 1,000 shares authorized; 275 shares issued and outstanding	--
CC-LB:	
Common stock -- Class A, voting, $.01 par value, 31,000 shares authorized, 27,850 shares issued and outstanding	--
Common stock -- Class B, voting, $.01 par value, 2,000 shares authorized, 1,500 shares issued and outstanding	--
Common stock -- Class C, nonvoting, $.01 par value, 2,000 shares authorized, 650 shares issued and outstanding	--
Total common stock	$ 1

CCA HOLDINGS

The Class A Voting Common Stock (CCA Class A Common Stock) and Class C Nonvoting Common Stock (CCA Class C Common Stock) have certain preferential rights upon liquidation of CCA Holdings. In the event of liquidation, dissolution or "winding up" of CCA Holdings, holders of CCA Class A and Class C Common Stock are entitled to a preference of $1,000 per share. After such amount is paid, holders of Class B Voting Common Stock (CCA Class B Common Stock) are entitled to receive $1,000 per share. Thereafter, Class A and Class C shareholders shall ratably receive the remaining proceeds.

If upon liquidation, dissolution or "winding up" the assets of CCA Holdings are insufficient to permit payment to Class A and Class C shareholders for their full preferential amounts, all assets of CCA Holdings shall then be distributed ratably to Class A and Class C shareholders. Furthermore, if the proceeds from liquidation are inadequate to pay Class B shareholders their full preferential amounts, the proceeds are to be distributed on a pro rata basis to Class B shareholders.

Upon the occurrence of any Conversion Event (as defined within the Amended and Restated Certificate of Incorporation) Class C shareholders may convert any or all of their outstanding shares into the same number of Class A shares. Furthermore, CCA Holdings may automatically convert outstanding Class C shares into the same number of Class A shares.

CCA Holdings is restricted from making cash dividends on its common stock until the balance outstanding under the HC Crown Note is repaid.

Charter and Kelso entered into a Stockholders' Agreement providing for certain restrictions on the transfer, sale or purchase of CCA Holdings' common stock.

CCT HOLDINGS

The Class A Voting Common Stock (CCT Class A Common Stock) and Class C Nonvoting Common Stock (CCT Class C Common Stock) have certain preferential rights upon liquidation of CCT Holdings. In the event of liquidation, dissolution or "winding up" of CCT Holdings, holders of CCT Class A Common Stock and Class C Common Stock are entitled to a preference of $1,000 per share. After such amount is paid, holders of Class B Voting Common Stock (CCT Class B Common Stock) are entitled to receive $1,000 per share. Thereafter, Class A and Class C shareholders shall ratably receive the remaining proceeds.

If upon liquidation, dissolution or "winding up" the assets of CCT Holdings are insufficient to permit payment to Class A Common Stock and Class C shareholders for their full preferential amount, all assets of the Company shall then be distributed ratably to Class A and Class C shareholders. Furthermore, if the proceeds from liquidation are inadequate to pay Class B shareholders their full preferential amount, the proceeds are to be distributed on a pro rata basis to Class B shareholders.

Upon the occurrence of any Conversion Event (as defined within the Amended and Restated Certificate of Incorporation), Class C shareholders may convert any or all of their outstanding shares into the same number of Class A shares. Furthermore, CCT Holdings may automatically convert outstanding Class C shares into the same number of Class A shares.

CCT Holdings is restricted from making cash dividends on its common stock until the balance outstanding under the note payable to seller is repaid.

Charter and Kelso entered into a Stockholders' Agreement providing for certain restrictions on the transfer, sale or purchase of CCT Holdings' common stock.

CC-LB

The Class A Voting Common Stock (CC-LB Class A Common Stock) and Class C Nonvoting Common Stock (CC-LB Class C Common Stock) have certain preferential rights upon liquidation of CC-LB. In the event of liquidation, dissolution or "winding up" of CC-LB, holders of CC-LB Class A Common Stock and Class C Common Stock are entitled to a preference of $1,000 per share. After such amount is paid, holders of Class B Voting Common Stock (CC-LB Class B Common Stock) are entitled to receive $1,000 per share. Thereafter, Class A, Class B and Class C shareholders shall ratably receive the remaining proceeds.

If upon liquidation, dissolution or "winding up" the assets of CC-LB are insufficient to permit payment to Class A and Class C shareholders for their full preferential amount, all assets of the Company shall then be distributed ratably to Class A and Class C shareholders. Furthermore, if the proceeds from liquidation are inadequate to pay Class B shareholders their full preferential amount, the proceeds are to be distributed on a pro rata basis to Class B shareholders.

CC-LB Class C Common Stock may be converted into CC-LB Class A Common Stock upon the transfer of CC-LB Class C Common Stock to a person not affiliated with the seller. Furthermore, CC-LB may automatically convert outstanding Class C shares into the same number of Class A shares.

11. RELATED PARTY TRANSACTIONS:

Charter provides management services to the Company under the terms of a contract which provides for annual base fees equal to $9,277 and $9,485 for the period from January 1, 1998, through December 23, 1998, and for the year ended December 31, 1997, respectively, plus an additional fee equal to 30% of the excess, if any, of operating cash flow (as defined in the management agreement) over the projected operating cash flow. Payment of the additional fee is deferred due to restrictions provided within the Company's credit agreements. Deferred management fees bear interest at 8.0% per annum. The additional fees for the periods from January 1, 1998, through December 23, 1998, and the years ended December 31, 1997 and 1996, totaled $2,160, $1,990 and $1,255, respectively. In addition, the Company receives financial advisory services from an affiliate of Kelso, under terms of a contract which provides for fees equal to $1,064 and $1,113 per annum as of January 1, 1998, through December 23, 1998, and December 31, 1997, respectively. Management and financial advisory service fees currently payable of $2,281 are included in payables to manager of cable television systems -- related party at December 31, 1997.

The Company pays certain acquisition advisory fees to an affiliate of Kelso and Charter, which typically equal approximately 1% of the total purchase price paid for cable television systems acquired. Total acquisition fees paid to the affiliate of Kelso for the period from January 1, 1998, through December 23, 1998, were $-0-. Total acquisition fees paid to the affiliate of Kelso in 1997 and 1996 were $-0- and $1,400, respectively. Total acquisition fees paid to Charter for the period from January 1, 1998, through December 23, 1998, were $-0-. Total acquisition fees paid to Charter in 1997 and 1996 were $-0- and $1,400, respectively.

The Company and all entities managed by Charter collectively utilize a combination of insurance coverage and self-insurance programs for medical, dental and workers' compensation claims. Medical coverage provides for $2,435 aggregate stop loss protection and a loss limitation of $100 per person per year. Workers' compensation coverage provides for $800 aggregate stop loss protection and a loss limitation of $150 per person per year. Charges are determined by independent actuaries at the present value of the actuarially computed present and future liabilities for such benefits. The Company is allocated its share of the charges monthly based upon its total number of employees, historical claims and medical cost trend rates. Management considers this allocation to be reasonable for the operations of the Company. For the period from January 1, 1998, through December 23, 1998, the Company expensed $1,950 relating to insurance allocations. During 1997 and 1996, the Company expensed $1,689 and $2,065, respectively, relating to insurance allocations.

Beginning in 1996, the Company and other entities managed by Charter employed the services of Charter's National Data Center (the "National Data Center"). The National Data Center performs certain customer billing services and provides computer network, hardware and software support to the Company and other affiliated entities. The cost of these services is allocated based on the number of customers. Management considers this allocation to be reasonable for the operations of the Company. For the period from January 1, 1998, through December 23, 1998, the Company expensed $843 relating to these services. During 1997 and 1996, the Company expensed $723 and $466 relating to these services, respectively.

CCE-I maintains a regional office. The regional office performs certain operational services on behalf of CCE-I and other affiliated entities. The cost of these services is allocated to CCE-I and affiliated entities based on their number of customers. Management considers this allocation to be reasonable for the operations of CCE-I. From the period January 1, 1998, through December 23, 1998, the Company expensed $1,926 relating to these services. During 1997 and 1996, CCE-I expensed $861 and $799, respectively, relating to these services.

12. COMMITMENTS AND CONTINGENCIES:

LEASES

The Company leases certain facilities and equipment under noncancelable operating leases. Lease and rental costs charged to expense for the period from January 1, 1998, through December 23, 1998, was $2,222. Rent expense incurred under these leases during 1997 and 1996 was $1,956 and $1,704, respectively.

The Company also rents utility poles in its operations. Generally, pole rentals are cancelable on short notice, but the Company anticipates that such rentals will recur. Rent expensed incurred for pole attachments for the period from January 1, 1998, through December 23, 1998, was $2,430. Rent expense incurred for pole attachments during 1997 and 1996 was $2,601 and $2,330, respectively.

LITIGATION

The Company is a party to lawsuits that arose in the ordinary course of conducting its business. In the opinion of management, after consulting with legal counsel, the outcome of these lawsuits will not have a material adverse effect on the Company's consolidated financial position or results of operations.

13. REGULATION IN THE CABLE TELEVISION INDUSTRY:

The cable television industry is subject to extensive regulation at the federal, local and, in some instances, state levels. The Cable Communications Policy Act of 1984 (the "1984 Cable Act"), the Cable Television Consumer Protection and Competition Act of 1992 (the "1992 Cable Act" and together with the 1984 Cable Act, the "Cable Acts"), and the Telecommunications Act of 1996 (the "1996 Telecom Act"), establish a national policy to guide the development and regulation of cable television systems. The Federal Communications Commission (FCC) has principal responsibility for implementing the policies of the Cable Acts. Many aspects of such regulation are currently the subject of judicial proceedings and administrative or legislative proposals. Legislation and regulations continue to change, and the Company cannot predict the impact of future developments on the cable television industry.

The 1992 Cable Act and the FCC's rules implementing that act generally have increased the administrative and operational expenses of cable television systems and have resulted in additional regulatory oversight by the FCC and local or state franchise authorities. The Cable Acts and the corresponding FCC regulations have established rate regulations.

The 1992 Cable Act permits certified local franchising authorities to order refunds of basic service tier rates paid in the previous twelve-month period determined to be in excess of the maximum permitted rates. As of December 23, 1998, the amount refunded by the Company has been insignificant. The Company may be required to refund additional amounts in the future.

The Company believes that it has complied in all material respects with the provisions of the 1992 Cable Act, including the rate setting provisions promulgated by the FCC. However, in jurisdictions that have chosen not to certify, refunds covering the previous twelve-month period may be ordered upon certification if the Company is unable to justify its basic rates. The Company is unable to estimate at this time the amount of refunds, if any, that may be payable by the Company in the event certain of its rates are successfully challenged by franchising authorities or found to be unreasonable by the FCC. The Company does not believe that the amount of any such refunds would have a material adverse effect on the financial position or results of operations of the Company.

The 1996 Telecom Act, among other things, immediately deregulated the rates for certain small cable operators and in certain limited circumstances rates on the basic service tier, and as of March 31, 1999, deregulates rates on the cable programming service tier (CPST). The FCC is currently developing permanent regulations to implement the rate deregulation provisions of the 1996 Telecom Act. The Company cannot predict the ultimate effect of the 1996 Telecom Act on the Company's financial position or results of operations.

The FCC may further restrict the ability of cable television operators to implement rate increases or the United States Congress may enact legislation that could delay or suspend the scheduled March 1999 termination of CPST rate regulation. This continued rate regulation, if adopted, could limit the rates charged by the Company.

A number of states subject cable television systems to the jurisdiction of centralized state governmental agencies, some of which impose regulation of a character similar to that of a public utility. State governmental agencies are required to follow FCC rules when prescribing rate regulation, and thus, state regulation of cable television rates is not allowed to be more restrictive than the federal or local regulation. The Company is subject to state regulation in Connecticut.

14. INCOME TAXES:

Deferred tax assets and liabilities are recognized for the estimated future tax consequence attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred income tax assets and liabilities are measured using the enacted tax rates in effect for the year in which those temporary differences are expected to be recovered or settled. Deferred income tax expense or benefit is the result of changes in the liability or asset recorded for deferred taxes. A valuation allowance must be established for any portion of a deferred tax asset for which it is more likely than not that a tax benefit will not be realized.

For the period from January 1, 1998, through December 23, 1998, and the years ended December 31, 1997 and 1996, no current provision (benefit) for income taxes was recorded. The effective income tax rate is less than the federal rate of 35% primarily due to providing a valuation allowance on deferred income tax assets.

CCA GROUP

NOTES TO COMBINED FINANCIAL STATEMENTS -- (CONTINUED)

Deferred taxes are comprised of the following at December 31, 1997:

Deferred income tax assets:	
Accounts receivable	$ 252
Other assets	7,607
Accrued expenses	4,740
Deferred revenue	624
Deferred management fees	1,654
Tax loss carryforwards	80,681
Tax credit carryforward	1,360
Valuation allowance	(40,795)
Total deferred income tax assets	56,123
Deferred income tax liabilities:	
Property, plant and equipment	(38,555)
Franchise costs	(117,524)
Other	(11,407)
Total deferred income tax liabilities	(167,486)
Net deferred income tax liability	$(111,363)

At December 31, 1997, the Company had net operating loss (NOL) carryforwards for regular income tax purposes aggregating $204,400, which expire in various years from 1999 through 2012. Utilization of the NOLs carryforwards is subject to certain limitations.

15. EMPLOYEE BENEFIT PLANS:

The Company's employees may participate in the Charter Communications, Inc. 401(k) Plan (the "401(k) Plan"). Employees that qualify for participation can contribute up to 15% of their salary, on a before tax basis, subject to a maximum contribution limit as determined by the Internal Revenue Service. The Company contributes an amount equal to 50% of the first 5% of contributions by each employee. For the period from January 1, 1998, through December 23, 1998, the Company contributed $585 to the 401(k) plan. During 1997 and 1996, the Company contributed approximately $499 and $435 to the 401(k) Plan, respectively.

Certain employees of the Company are participants in the 1996 Charter Communications/ Kelso Group Appreciation Rights Plan (the "Plan"). The Plan covers certain key employees and consultants within the group of companies and partnerships controlled by affiliates of Kelso and managed by Charter. The Plan permits the granting of up to 1,000,000 units, of which 705,000 were outstanding at December 31, 1997. Unless otherwise provided in a particular instance, units vest at a rate of 20% per annum. The Plan entitles participants to receive payment of the appreciated unit value for vested units, upon the occurrence of certain events specified in the Plan (i.e. change in control, employee termination) The units do not represent a right to an equity interest to any entities within the CCA Group. Compensation expense is based on the appreciated unit value and is amortized over the vesting period.

As a result of the acquisition of Charter and the Company, the Plan was terminated, all outstanding units became 100% vested and all amounts were paid by Charter in 1999. For the period from January 1, 1998, through December 23, 1998, the Company recorded $5,684 of expense, included in management fees, and a contribution from Charter related to the Appreciation Rights Plan.

CCA GROUP

NOTES TO COMBINED FINANCIAL STATEMENTS -- (CONTINUED)

16. ACCOUNTING STANDARD NOT YET IMPLEMENTED:

In June 1998, the Financial Accounting Standards Board adopted SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities." SFAS No. 133 establishes accounting and reporting standards requiring that every derivative instrument (including certain derivative instruments embedded in other contracts) be recorded in the balance sheet as either an asset or liability measured at its fair value and that changes in the derivative's fair value be recognized currently in earnings unless specific hedge accounting criteria are met. Special accounting for qualifying hedges allows a derivative's gains and losses to offset related results on the hedged item in the income statement, and requires that a company must formally document, designate and assess the effectiveness of transactions that receive hedge accounting. SFAS No. 133 is effective for fiscal years beginning after June 15, 1999. The Company has not yet quantified the impacts of adopting SFAS No. 133 on its consolidated financial statements nor has it determined the timing or method of its adoption of SFAS No. 133. However, SFAS No. 133 could increase volatility in earnings (loss).

17. SUBSEQUENT EVENT:

Subsequent to December 23, 1998, CCA Holdings, CCT Holdings and CC-LB converted to limited liability companies and are now known as CCA Holdings LLC, CCT Holdings LLC and Charter Communications Long Beach, LLC, respectively.

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To CharterComm Holdings, L.P.:

We have audited the accompanying consolidated balance sheet of CharterComm Holdings, L.P. and subsidiaries as of December 31, 1997, and the related consolidated statements of operations, partners' capital and cash flows for the period from January 1, 1998, through December 23, 1998, and for the years ended December 31, 1997 and 1996. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of CharterComm Holdings, L.P. and subsidiaries as of December 31, 1997, and the results of their operations and their cash flows for the period from January 1, 1998, through December 23, 1998, and for the years ended December 31, 1997 and 1996, in conformity with generally accepted accounting principles.

/s/ ARTHUR ANDERSEN LLP

St. Louis, Missouri,
February 5, 1999

CHARTERCOMM HOLDINGS, L.P.
AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEET -- DECEMBER 31, 1997
(DOLLARS IN THOUSANDS)

ASSETS

CURRENT ASSETS:	
Cash and cash equivalents	$ 2,742
Accounts receivable, net of allowance for doubtful accounts of $330	3,158
Prepaid expenses and other	342
Total current assets	6,242
INVESTMENT IN CABLE TELEVISION PROPERTIES:	
Property, plant and equipment	235,808
Franchises, net of accumulated amortization of $119,968	480,201
	716,009
OTHER ASSETS	16,176
	$738,427

LIABILITIES AND PARTNERS' CAPITAL

CURRENT LIABILITIES:	
Current maturities of long-term debt	$ 5,375
Accounts payable and accrued expenses	30,507
Payables to manager of cable television systems -- related party	1,120
Total current liabilities	37,002
DEFERRED REVENUE	1,719
LONG-TERM DEBT, less current maturities	666,662
DEFERRED MANAGEMENT FEES	7,805
DEFERRED INCOME TAXES	5,111
REDEEMABLE PREFERRED LIMITED UNITS -- 577.81 units, issued and outstanding	20,128
PARTNERS' CAPITAL:	
General Partner	--
Common Limited Partners -- 220.24 units issued and outstanding	--
Total partners' capital	--
	$738,427

The accompanying notes are an integral part of these consolidated statements.

CHARTERCOMM HOLDINGS, L.P.
AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS
(DOLLARS IN THOUSANDS)

	PERIOD FROM JANUARY 1, 1998, THROUGH DECEMBER 23, 1998	YEAR ENDED DECEMBER 31 1997	YEAR ENDED DECEMBER 31 1996
REVENUES	$196,801	$175,591	$120,280
OPERATING EXPENSES:			
Operating costs	83,745	75,728	50,970
General and administrative	14,586	12,607	9,327
Depreciation and amortization	86,741	76,535	53,133
Management fees -- related party	14,780	8,779	6,014
	199,852	173,649	119,444
Income (loss) from operations	(3,051)	1,942	836
OTHER INCOME (EXPENSE):			
Interest income	211	182	233
Interest expense	(66,121)	(61,498)	(41,021)
Other, net	(1,895)	17	(468)
	(67,805)	(61,299)	(41,256)
Loss before extraordinary item	(70,856)	(59,357)	(40,420)
EXTRAORDINARY ITEM -- Loss on early retirement of debt	(6,264)	--	--
Net loss	(77,120)	(59,357)	(40,420)
REDEMPTION PREFERENCE ALLOCATION:			
Special Limited Partner units	--	--	(829)
Redeemable Preferred Limited units	--	--	(4,081)
NET LOSS ALLOCATED TO REDEEMABLE PREFERRED LIMITED UNITS	20,128	2,553	4,063
Net loss applicable to partners' capital accounts	$(56,992)	$(56,804)	$(41,267)
NET LOSS ALLOCATION TO PARTNERS' CAPITAL ACCOUNTS:			
General Partner	$(56,992)	$(21,708)	$(38,391)
Common Limited Partners	--	(35,096)	(2,876)
	$(56,992)	$(56,804)	$(41,267)

The accompanying notes are an integral part of these consolidated statements.

CHARTERCOMM HOLDINGS, L.P.
AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF PARTNERS' CAPITAL
(DOLLARS IN THOUSANDS)

	GENERAL PARTNER	COMMON LIMITED PARTNERS	TOTAL
BALANCE, December 31, 1995	$ 29,396	$ 2,202	$ 31,598
Capital contributions	30,703	2,300	33,003
Allocation of net loss	(38,391)	(2,876)	(41,267)
BALANCE, December 31, 1996	21,708	1,626	23,334
Capital contributions	--	33,470	33,470
Allocation of net loss	(21,708)	(35,096)	(56,804)
BALANCE, December 31, 1997	--	--	--
Capital contributions	4,920	--	4,920
Allocation of net loss	(56,992)	--	(56,992)
BALANCE, December 23, 1998	$(52,072)	$ --	$(52,072)

The accompanying notes are an integral part of these consolidated statements.

CHARTERCOMM HOLDINGS, L.P.
AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(DOLLARS IN THOUSANDS)

	PERIOD FROM JANUARY 1, 1998, THROUGH DECEMBER 23, 1998	YEAR ENDED DECEMBER 31, 1997	YEAR ENDED DECEMBER 31, 1996
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net loss	$ (77,120)	$ (59,357)	$ (40,420)
Adjustments to reconcile net loss to net cash provided by operating activities --			
Extraordinary item -- Loss on early retirement of debt	6,264	--	--
Depreciation and amortization	86,741	76,535	53,133
Amortization of debt issuance costs, debt discount and interest rate cap agreements	14,563	14,212	9,564
Loss on disposal of property, plant and equipment	1,714	203	367
Changes in assets and liabilities, net of effects from acquisition --			
Accounts receivable, net	2,000	369	(303)
Prepaid expenses and other	(203)	943	245
Accounts payable and accrued expenses	(1,970)	3,988	9,911
Payables to manager of cable television systems, including deferred management fees	9,456	3,207	3,479
Deferred revenue	770	(82)	452
Other operating activities	5,378	--	--
Net cash provided by operating activities	47,593	40,018	36,428
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchases of property, plant and equipment	(85,044)	(72,178)	(48,324)
Payments for acquisitions, net of cash acquired	(5,900)	(159,563)	(145,366)
Other investing activities	5,280	1,577	(2,089)
Net cash used in investing activities	(85,664)	(230,164)	(195,779)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Borrowings of long-term debt	547,400	231,250	260,576
Repayments of long-term debt	(505,300)	(67,930)	(34,401)
Partners' capital contributions	--	29,800	--
Payment of debt issuance costs	(3,651)	(3,593)	(11,732)
Payment of Special Limited Partnership units	--	--	(43,243)
Repayments of note payable -- related party	--	--	(15,000)
Payments for interest rate cap agreements	--	--	(35)
Net cash provided by financing activities	38,449	189,527	156,165
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	378	(619)	(3,186)
CASH AND CASH EQUIVALENTS, beginning of period	2,742	3,361	6,547
CASH AND CASH EQUIVALENTS, end of period	$ 3,120	$ 2,742	$ 3,361
CASH PAID FOR INTEREST	$ 61,559	$ 42,538	$ 28,860

The accompanying notes are an integral part of these consolidated statements.

CHARTERCOMM HOLDINGS, L.P.
AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(DOLLARS IN THOUSANDS)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

ORGANIZATION AND BASIS OF PRESENTATION

CharterComm Holdings, L.P. (CharterComm Holdings) was formed in March 1996 with the contributions of Charter Communications Southeast Holdings, L.P. (Southeast Holdings), Charter Communications, L.P. (CC-I) and Charter Communications II, L.P. (CC-II). This contribution was accounted for as a reorganization under common control and, accordingly, the consolidated financial statements and notes have been restated to include the results and financial position of Southeast Holdings, CC-I and CC-II.

Through December 23, 1998, CharterComm Holdings was owned 75.3% by affiliates of Charterhouse Group International, Inc., a privately owned investment firm (collectively referred to herein as "Charterhouse"), indirectly owned 5.7% by Charter Communications, Inc. (Charter), manager of the Partnership's (as defined below) cable television systems, and owned 19.0% primarily by other institutional investors.

Effective December 23, 1998, Paul G. Allen acquired 94% of Charter through a series of transactions. In conjunction with Mr. Allen's acquisition, Charter acquired 100% of the outstanding partnership interests in CharterComm Holdings on December 23, 1998.

The accompanying consolidated financial statements include the accounts of CharterComm Holdings and its subsidiaries collectively referred to as the "Partnership" herein. All significant intercompany balances and transactions have been eliminated in consolidation.

In 1998, the Partnership through its subsidiaries provided cable television service to customers in Alabama, Georgia, Kentucky, Louisiana, North Carolina, South Carolina and Tennessee.

CASH EQUIVALENTS

The Partnership considers all highly liquid investments with original maturities of three months or less to be cash equivalents. At December 31, 1997, cash equivalents consist primarily of repurchase agreements. These investments are carried at cost that approximates market value.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment is recorded at cost, including all direct and certain indirect costs associated with the construction of cable television transmission and distribution facilities, and the cost of new customer installation. The costs of disconnecting a customer are charged to expense in the period incurred. Expenditures for repairs and maintenance are charged to expense as incurred, and equipment replacement and betterments are capitalized.

Depreciation is provided on the straight-line basis over the estimated useful lives of the related assets as follows:

Cable distribution systems..................................	3-15 years
Buildings and leasehold improvements........................	5-15 years
Vehicles and equipment......................................	3-5 years

CHARTERCOMM HOLDINGS, L.P.
AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

In 1997, the Partnership shortened the estimated useful lives of certain property, plant and equipment for depreciation purposes. As a result, an additional $4,775 of depreciation was recorded during 1997.

FRANCHISES

Costs incurred in obtaining and renewing cable franchises are deferred and amortized over the lives of the franchises. Costs relating to unsuccessful franchise applications are charged to expense when it is determined that the efforts to obtain the franchise will not be successful. Franchise rights acquired through the purchase of cable television systems represent management's estimate of fair value and are generally amortized using the straight-line method over a period of 15 years. In addition, approximately $100,000 of franchise rights are being amortized over a period of 3 to 11 years.

OTHER ASSETS

Debt issuance costs are being amortized to interest expense over the term of the related debt. The interest rate cap costs are being amortized over the terms of the agreement, which approximates three years.

IMPAIRMENT OF ASSETS

If facts and circumstances suggest that a long-lived asset may be impaired, the carrying value is reviewed. If a review indicates that the carrying value of such asset is not recoverable based on projected undiscounted cash flows related to the asset over its remaining life, the carrying value of such asset is reduced to its estimated fair value.

REVENUES

Cable television revenues from basic and premium services are recognized when the related services are provided.

Installation revenues are recognized to the extent of direct selling costs incurred. The remainder, if any, is deferred and amortized to income over the estimated average period that customers are expected to remain connected to the cable television system. As of December 31, 1997, no installation revenue has been deferred, as direct selling costs exceeded installation revenue.

Fees collected from programmers to guarantee carriage are deferred and amortized to income over the life of the contracts. Local governmental authorities impose franchise fees on the Partnership ranging up to a federally mandated maximum of 5.0% of gross revenues. On a monthly basis, such fees are collected from the Partnership's customers and are periodically remitted to local franchises. Franchise fees collected and paid are reported as revenue.

INTEREST RATE HEDGE AGREEMENTS

The Partnership manages fluctuations in interest rates by using interest rate hedge agreements, as required by certain debt agreements. Interest rate swaps, caps and collars are accounted for as hedges of debt obligations, and accordingly, the net settlement amounts are recorded as adjustments to interest expense in the period incurred. Premiums paid for interest rate caps are deferred, included in other assets, and are amortized over the original term of the interest rate agreement as an adjustment to interest expense.

CHARTERCOMM HOLDINGS, L.P.
AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

The Partnership's interest rate swap agreements require the Partnership to pay a fixed rate and receive a floating rate thereby creating fixed rate debt. Interest rate caps and collars are entered into by the Partnership to reduce the impact of rising interest rates on floating rate debt.

The Partnership's participation in interest rate hedging transactions involves instruments that have a close correlation with its debt, thereby managing its risk. Interest rate hedge agreements have been designed for hedging purposes and are not held or issued for speculative purposes.

OTHER INCOME (EXPENSE)

Other, net includes gain and loss on disposition of property, plant and equipment, and other miscellaneous items, all of which are not directly related to the Partnership's primary line of business. In 1996, the Partnership recorded $367 of nonoperating losses for its portion of insurance deductibles pertaining to damage caused by hurricanes to certain cable television systems.

INCOME TAXES

Income taxes are the responsibility of the partners and are not provided for in the accompanying financial statements except for Peachtree Cable TV, Inc. (Peachtree), an indirect wholly owned subsidiary, which is a C corporation and for which taxes are presented in accordance with SFAS No. 109.

USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

2. ACQUISITIONS:

In 1998, the Partnership acquired cable television systems in one transaction for a purchase price net of cash acquired, of $5,900. The excess cost of properties acquired over the amounts assigned to net tangible assets at the date of acquisition was $5,000 and is included in franchises.

In 1997, the Partnership acquired cable television systems in three separate transactions for an aggregate purchase price, net of cash acquired, of $159,600. The excess of the cost of properties acquired over the amounts assigned to net tangible assets at the date of acquisition was $126,400 and is included in franchises.

In 1996, the Partnership acquired cable television systems in three separate transactions for an aggregate purchase price, net of cash acquired, of $145,400. The excess of the cost of properties acquired over the amounts assigned to net tangible assets at the date of acquisition was $118,200 and is included in franchises.

The above acquisitions were accounted for using the purchase method of accounting, and accordingly, results of operations of the acquired assets have been included in the financial statements from the dates of acquisition.

CHARTERCOMM HOLDINGS, L.P.
AND SUBSIDIARIES

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.
AND SUBSIDIARIES

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.

CHARTERCOMM HOLDINGS, L.P.
AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

8. ACCOUNTS PAYABLE AND ACCRUED EXPENSES:

Accounts payable and accrued expenses consist of the following at December 31, 1997:

Accrued interest	$ 9,804
Franchise fees	3,524
Programming costs	3,391
Accounts payable	2,479
Capital expenditures	2,099
Salaries and related benefits	2,079
Other	7,131
	$30,507

9. LONG-TERM DEBT:

Long-term debt consists of the following at December 31, 1997:

Senior Secured Discount Debentures	$146,820
11 1/4% Senior Notes	125,000
Credit Agreements:	
CC-I	112,200
CC-II	339,500
	723,520
Less:	
Current maturities	(5,375)
Unamortized discount	(51,483)
	$666,662

SENIOR SECURED DISCOUNT DEBENTURES

On March 28, 1996, Southeast Holdings and CharterComm Holdings Capital Corporation (Holdings Capital), a wholly owned subsidiary of Southeast Holdings (collectively the "Debentures Issuers"), issued $146,820 of Senior Secured Discount Debentures (the "Debentures") for proceeds of $75,000. Proceeds from the Debentures were used to pay fees and expenses related to the issuance of the Debentures and the balance of $72,400 was a capital contribution to Southeast. The Debentures are secured by all of Southeast Holdings' ownership interest in Southeast and rank pari passu in right and priority of payment to all other existing and future indebtedness of the Debentures Issuers. The Debentures are effectively subordinated to the claims of creditors of Southeast Holdings' subsidiaries, including the Combined Credit Agreement (as defined herein). The Debentures are redeemable at the Debentures Issuers' option at amounts decreasing from 107% to 100% of principal, plus accrued and unpaid interest to the redemption date, beginning on March 15, 2001. The Debentures Issuers are required to make an offer to purchase all of the Debentures, at a purchase price equal to 101% of the principal amount, together with accrued and unpaid interest, upon a Change in Control, as defined in the Debentures Indenture. No interest is payable on the Debentures prior to March 15, 2001. Thereafter, interest on the Debentures is payable semiannually in arrears beginning September 15, 2001, until maturity on March 15, 2007. The discount on the Debentures is being accreted using the effective interest method at an interest rate of 14% from the date of issuance to March 15, 2001.

CHARTERCOMM HOLDINGS, L.P.
AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

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.

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. 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.

CHARTERCOMM HOLDINGS, L.P.
AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

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 Marcus Cable Holdings, LLC:

We have audited the accompanying consolidated statements of operations, members' deficit and cash flows of Marcus Cable Holdings, LLC and subsidiaries for the three months ended March 31, 1999. 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 audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States. 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 consolidated financial statements referred to above present fairly, in all material respects, the results of operations of Marcus Cable Holdings, LLC and subsidiaries and their cash flows for the three months ended March 31, 1999, in conformity with accounting principles generally accepted in the United States.

/s/ ARTHUR ANDERSEN LLP

St. Louis, Missouri,
March 6, 2000

MARCUS CABLE HOLDINGS, LLC AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF OPERATIONS

(DOLLARS IN THOUSANDS)

	THREE MONTHS ENDED MARCH 31, 1999
REVENUES	$ 125,180
OPERATING EXPENSES:	
Operating costs	45,309
General and administrative	23,675
Depreciation and amortization	51,688
Management fees -- related party	4,381
	125,053
Income from operations	127
OTHER INCOME (EXPENSE):	
Interest Income	104
Interest expense	(27,067)
Other, net	(158)
	(27,121)
Loss before extraordinary item	(26,994)
EXTRAORDINARY ITEM -- Loss from early extinguishment of debt	(107,978)
Net loss	$(134,972)

The accompanying notes are an integral part of this consolidated statement.

MARCUS CABLE HOLDINGS, LLC AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF MEMBERS' DEFICIT
(DOLLARS IN THOUSANDS)

	MARCUS CABLE PROPERTIES, L.L.C	VULCAN CABLE, INC	MEMBERS' DEFICIT
BALANCE, December 31, 1998	$(21,355)	$ 125,639	$ 104,284
Net loss -- January 1, 1999 to March 31, 1999	(5,129)	(129,843)	(134,972)
BALANCE, March 31, 1999	$(26,484)	$ (4,204)	$ (30,688)

The accompanying notes are an integral part of this consolidated statement.

MARCUS CABLE HOLDINGS, LLC AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS

(DOLLARS IN THOUSANDS)

	THREE MONTHS ENDED MARCH 31, 1999
CASH FLOWS FROM OPERATING ACTIVITIES:	
Net loss	$ (134,972)
Adjustments to reconcile net loss to net cash provided by operating activities --	
Depreciation and amortization	51,688
Amortization of non-cash interest expense	868
Accretion of notes payable	14,522
Extraordinary item -- loss from early extinguishment of long-term debt	107,978
Changes in assets and liabilities, net of effects from dispositions of cable television systems-	
Accounts receivable	2,650
Prepaid expenses and other	2,882
Accounts payable and accrued expenses	(13,170)
Other operating activities	9,022
Net cash provided by operating activities	41,468
CASH FLOWS FROM INVESTING ACTIVITIES:	
Purchases of property, plant and equipment	(57,057)
Net cash used in investing activities	(57,057)
CASH FLOWS FROM FINANCING ACTIVITIES:	
Borrowings of long-term debt	24,246
Repayments of long-term debt	(1,680,142)
Loan from Charter Holdings	1,680,142
Net cash provided by financing activities	24,246
NET INCREASE IN CASH AND CASH EQUIVALENTS	8,657
CASH AND CASH EQUIVALENTS, beginning of period	813
CASH AND CASH EQUIVALENTS, end of period	$ 9,470
CASH PAID FOR INTEREST	$ 12,807

The accompanying notes are an integral part of this consolidated statement.

MARCUS CABLE HOLDINGS, LLC AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(DOLLARS IN THOUSANDS)

1. ORGANIZATION AND BASIS OF PRESENTATION

Marcus Cable Holdings, LLC (Marcus Holdings), 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. Marcus Holdings 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 Charter Cable Operating Company, LLC, formerly Marcus Cable Operating Company, L.L.C., a wholly owned subsidiary of the Company. The Company operates cable television systems primarily in Texas, Wisconsin, Indiana, California and Alabama.

The accompanying consolidated financial statements include the accounts of MCCLLC and its subsidiary limited liability companies and corporations, representing the financial statements of the Company for the period presented. 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, Mr. Allen acquired approximately 94% of Charter Communications, Inc. (Charter) (renamed Charter Investment, Inc.). Beginning in October 1998, Charter began to manage 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 by Mr. Allen of the Minority Interest.

As a result of the Vulcan Acquisition, the Company recognized severance and stay-on bonus compensation of $16,034 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, 50 additional employees were terminated and the remaining balance of $2,400 was paid in April 1999.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

CASH EQUIVALENTS

The Company considers all highly liquid investments with original maturities of three months or less to be cash equivalents.

MARCUS CABLE HOLDINGS, LLC AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- CONTINUED

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

Depreciation expense for the three months ended March 31, 1999 was $33,696.

FRANCHISES

Costs incurred in obtaining and renewing cable television 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. Amortization expense for the three months ended March 31, 1999 was $17,992.

OTHER ASSETS

Debt issuance costs are amortized to interest expense over the term of the related debt.

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 March 31, 1999, no installation revenue has been deferred as direct selling costs exceeded installation revenue.

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 since inception and therefore, no taxable income.

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.

3. MEMBERS' EQUITY (DEFICIT)

Upon completion of the Vulcan Acquisition, Vulcan 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.

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 March 31, 1999, 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. 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 paid Charter an annual fee equal to 3% of the gross revenues of the cable system operations plus reimbursement for out of pocket costs and expenses incurred by Charter in performing services under the management agreement. For the three months ended March 31, 1999, management fees under this agreement were $4,381. In connection with the transfer of the Company's operating subsidiaries to Charter Operating, the annual fee paid by Marcus to Charter increased to 3.5%.

5. EMPLOYEE BENEFIT PLAN

The Company sponsored a 401(k) plan for its employees whereby employees that qualified for participation under the plan could 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 matched participant contributions up to a maximum of 2% of a participant's salary. As a result of the Vulcan Acquisition, participants became fully vested in Company matching contributions.

In connection with Vulcan's acquisition of Charter, the Marcus Plan's assets were frozen as of December 23, 1998 and employees became fully vested in company matching contributions after the Vulcan Acquisition. Effective January 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. The Company contributes an amount equal to 50% of the first 5% of contributions by each employee. For the three months ended March 31, 1999, the Company made contributions to the Charter Plan of $237.

6. COMMITMENTS AND CONTINGENCIES

LEASES

The Company leases certain facilities and equipment under noncancelable operating leases. Lease and rental costs charged to expense for the three months ended March 31, 1999 were $584. 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 three months ended March 31, 1999 was $955.

LITIGATION

In Alabama, Indiana, Maryland, Texas and Wisconsin, customers have filed putative class action lawsuits on behalf of all of the Company's customers residing in those states who are or were customers, and who have been charged a processing fee for delinquent payment of their cable bill. The plaintiffs challenge the legality of the processing fee and seek declaratory judgment, injunctive relief and unspecified damages. The Company is in the process of finalizing a global settlement of these cases, which settlement must be approved by a court. Unless a global settlement is consummated and approved, the Company intends to vigorously defend the actions. At this stage, the Company is not able to project the final costs of settlement, 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.

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.

7. LONG-TERM DEBT

In March 1999, concurrent with the issuance of Senior Notes and Senior Discount Notes (see Note 1), 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 Charter and the Company with a new credit agreement entered into by Charter Operating. The excess of the amount paid over the carrying value of the Company's long-term debt, net of unamortized debt issuance costs, was recorded as Extraordinary item -- loss on early extinguishment of debt in the accompanying consolidated statement of operations.

8. 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).

INDEPENDENT AUDITORS' REPORT

The Members
Marcus Cable Holdings, LLC:

We have audited the accompanying consolidated balance sheets of Marcus Cable Holdings, LLC and subsidiaries as of December 31, 1998 and 1997 and the related consolidated statements of operations, members' equity/partners' capital and cash flows for each of the years in the three-year period ended December 31, 1998. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Marcus Cable Holdings, LLC and subsidiaries as of December 31, 1998 and 1997, and the results of their operations and their cash flows for each of the years in the three-year period ended December 31, 1998, in conformity with generally accepted accounting principles.

/s/ KPMG LLP

Dallas, Texas
February 19, 1999
(except for the fourth and seventh paragraphs of Note 1
which are as of August 25, 1999 and April 7, 1999, respectively)

MARCUS CABLE HOLDINGS, LLC AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
(IN THOUSANDS)

	DECEMBER 31, 1998	DECEMBER 31, 1997
ASSETS		
Current assets:		
Cash and cash equivalents	$ 813	$ 1,607
Accounts receivable, net of allowance of $1,800 in 1998 and $1,904 in 1997	16,055	23,935
Prepaid expenses and other	6,094	2,105
Total current assets	22,962	27,647
Investment in cable television systems:		
Property, plant and equipment	741,021	706,626
Franchises	783,742	945,125
Noncompetition agreements	4,425	6,770
Other assets	52,928	64,300
	$1,605,078	$1,750,468
LIABILITIES AND MEMBERS' EQUITY/PARTNERS' CAPITAL		
Current liabilities:		
Current maturities of long-term debt	$ 77,500	$ 67,499
Accrued liabilities	66,985	68,754
Total current liabilities	144,485	136,253
Long-term debt	1,354,919	1,531,927
Other long-term liabilities	1,390	2,261
Members' equity/partners' capital	104,284	80,027
	$1,605,078	$1,750,468

See accompanying notes to consolidated financial statements.

MARCUS CABLE HOLDINGS, LLC AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(IN THOUSANDS)

	YEAR ENDED DECEMBER 31,		
	1998	1997	1996
Revenues:			
Cable services	$ 499,265	$ 473,701	$ 432,172
Management fees -- related party	555	5,614	2,335
Total revenues	499,820	479,315	434,507
Operating expenses:			
Selling, service and system management	193,725	176,515	157,197
General and administrative	77,913	72,351	73,017
Transaction and severance costs	135,379	--	--
Management fees -- related party	3,341	--	--
Depreciation and amortization	215,789	188,471	166,429
Total operating expenses	626,147	437,337	396,643
Operating income (loss)	(126,327)	41,978	37,864
Other (income) expense:			
Interest expense	159,985	151,207	144,376
Gain on sale of assets	(201,278)	--	(6,442)
Total other (income) expense	(41,293)	151,207	137,934
Loss before extraordinary item	(85,034)	(109,229)	(100,070)
Extraordinary item -- loss on early retirement of debt	(9,059)	--	--
Net loss	$ (94,093)	$(109,229)	$(100,070)

See accompanying notes to consolidated financial statements.

MARCUS CABLE HOLDINGS, LLC AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF MEMBERS' EQUITY/PARTNERS' CAPITAL
(IN THOUSANDS)

	GENERAL PARTNERS	CLASS B LIMITED PARTNERS	MARCUS CABLE PROPERTIES, L.L.C.	VULCAN CABLE, INC.	TOTAL
Balance at December 31, 1995	$(21,396)	$ 310,722	--	--	$ 289,326
Net loss	(200)	(99,870)	--	--	(100,070)
Balance at December 31, 1996	(21,596)	210,852	--	--	189,256
Net loss	(218)	(109,011)	--	--	(109,229)
Balance at December 31, 1997	(21,814)	101,841	--	--	80,027
Net loss -- January 1, 1998 to April 22, 1998	(224)	(111,838)	--	--	(112,062)
Capital contributions	--	--	--	118,350	118,350
Reorganization of limited partnership to limited liability company	22,038	9,997	(22,038)	(9,997)	--
Net income -- April 23, 1998 to December 31, 1998	--	--	683	17,286	17,969
Balance at December 31, 1998	$ --	$ --	$(21,355)	$125,639	$ 104,284

See accompanying notes to consolidated financial statements.

MARCUS CABLE HOLDINGS, LLC AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(IN THOUSANDS)

	YEAR ENDED DECEMBER 31,		
	1998	1997	1996
Cash flows from operating activities:			
Net loss	$ (94,093)	$(109,229)	$(100,070)
Adjustments to reconcile net loss to net cash provided by operating activities:			
Extraordinary item -- loss on early retirement of debt	9,059	--	--
Gain on sale of assets	(201,278)	--	(6,442)
Depreciation and amortization	215,789	188,471	166,429
Non cash interest expense	82,416	72,657	63,278
Changes in assets and liabilities, net of working capital adjustments for acquisitions:			
Accounts receivable, net	7,880	(6,439)	(70)
Prepaid expenses and other	(4,017)	95	(574)
Other assets	413	(385)	(502)
Accrued liabilities	(1,769)	9,132	(3,063)
Net cash provided by operating activities:	14,400	154,302	118,986
Cash flows from investing activities:			
Acquisition of cable systems	(57,500)	(53,812)	(10,272)
Proceeds from sale of assets, net of cash acquired and selling costs	401,432	--	20,638
Additions to property, plant and equipment	(224,723)	(197,275)	(110,639)
Other	(689)	--	--
Net cash provided by (used in) investing activities:	118,520	(251,087)	(100,273)
Cash flows from financing activities:			
Borrowings under Senior Credit Facility	217,750	226,000	65,000
Repayments under Senior Credit Facility	(359,500)	(131,250)	(95,000)
Repayments of notes and debentures	(109,344)	--	--
Payment of debt issuance costs	(99)	(1,725)	--
Cash contributed by member	118,350	--	--
Payments on other long-term liabilities	(871)	(667)	(88)
Net cash provided by (used in) financing activities	(133,714)	92,358	(30,088)
Net decrease in cash and cash equivalents	(794)	(4,427)	(11,375)
Cash and cash equivalents at the beginning of the period	1,607	6,034	17,409
Cash and cash equivalents at the end of the period	$ 813	$ 1,607	$ 6,034
Supplemental disclosure of cash flow information:			
Interest paid	$ 81,765	$ 81,155	$ 83,473

See accompanying notes to consolidated financial statements.

MARCUS CABLE HOLDINGS, LLC AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(DOLLARS IN THOUSANDS)

(1) ORGANIZATION AND BASIS OF PRESENTATION

Marcus Cable Holdings, LLC ("MCHLLC"), a Delaware limited liability company, was formed in February 1999 as parent of Marcus Cable Company, L.L.C. ("MCCLLC"), formerly Marcus Cable Company, L.P. ("MCCLP"). MCCLP was formed as a Delaware limited partnership and was converted to a Delaware limited liability company on June 9, 1998 (See Note 3). MCHLLC and its subsidiaries (collectively, the "Company") derive their primary source of revenues by providing various levels of cable television programming and services to residential and business customers. The Company's operations are conducted through Marcus Cable Operating Company, L.L.C. ("MCOC"), a wholly-owned subsidiary of the Company. The Company operates its cable television systems primarily in Texas, Wisconsin, Indiana, California and Alabama.

The accompanying consolidated financial statements include the accounts of MCHLLC, which is the predecessor of MCCLLC, and its subsidiary limited liability companies and corporations. All significant intercompany accounts and transactions have been eliminated in consolidation.

On April 23, 1998, Vulcan Cable, Inc. and Paul G. Allen (collectively referred to as "Vulcan") acquired all of the outstanding limited partnership interests and substantially all of the general partner interest in MCCLP for cash payments of $1,392,000 ("the Vulcan Acquisition"). Under the terms of the purchase agreement, the owner of the remaining 0.6% general partner interest in the Company (the "Minority Interest"), which represents 100% of the voting control of the Company, could cause Vulcan to purchase the 0.6% general partner interest under certain conditions, or Vulcan could cause the Minority Interest to sell its interest to Vulcan under certain conditions, at a fair value of not less than $8,000.

The accompanying consolidated financial statements do not reflect the application of purchase accounting for the Vulcan Acquisition because the Securities and Exchange Commission staff challenged such accounting treatment since, as of December 31, 1998, Vulcan had not acquired voting control of the Company. On March 31, 1999, Vulcan acquired voting control of the Company by its acquisition of the Minority Interest for cash consideration.

In connection with the Vulcan Acquisition, the Company incurred transaction costs of approximately $119,345, comprised primarily of $90,200 of compensation paid to employees of the Company by Vulcan in settlement of specially designated Class B units in MCCLP ("EUnit") granted in past periods by the general partner of MCCLP, $24,000 of transaction fees paid to certain equity partners for investment banking services and $5,200 of expenses for professional fees. These transaction costs have been included in the accompanying consolidated statement of operations for the year ended December 31, 1998.

Effective December 23, 1998, through a series of transactions, Paul G. Allen acquired approximately 94% of Charter Communications, Inc. ("Charter"). Beginning in October 1998, Charter managed the operations of the Company.

In March 1999, Charter transferred all of its cable television operating subsidiaries to a subsidiary, Charter Communications Holdings, LLC (Charter Holdings) in connection with the issuance of Senior Notes and Senior Discount Notes totaling $3.6 billion. These operating subsidiaries were then transferred to Charter Communications Operating, LLC ("Charter Operating"). On April 7, 1999, the cable operations of the Company were transferred to Charter Operating subsequent to the purchase by Paul G. Allen of the Minority Interest.

As a result of the Vulcan Acquisition, the Company recognized severance and stay-on bonus compensation of $16,034, which is included in Transaction and Severance Costs in the accompanying statement of operations for the year ended December 31, 1998. As of December 31, 1998, 35 employees and officers of the Company had been terminated and $13,634 had been paid under severance and bonus arrangements. By March 31, 1999, an additional 50 employees will be terminated. The remaining balance of $2,400 is to be paid by April 30, 1999 and an additional $400 in stay-on bonuses will be recorded as compensation in 1999 as the related services are provided.

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) CASH EQUIVALENTS

The Company considers all highly liquid investments with original maturities of three months or less to be cash equivalents. At December 31, 1998 and 1997, cash equivalents consist of certificates of deposit and money market funds. These investments are carried at cost which approximates market value.

(b) PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment is recorded at cost, including all direct and certain indirect costs associated with the construction of cable television transmission and distribution facilities, and the cost of new customer installation. The costs of disconnecting a customer are charged to expense in the period incurred. Expenditures for maintenance and repairs are charged to expense as incurred and equipment replacements and betterments are capitalized.

Depreciation is provided by the straight-line method over the estimated useful lives of the related assets as follows:

Cable distribution systems......................	3-10 years
Buildings and leasehold improvements............	5-15 years
Vehicles and equipment..........................	3-5 years

(c) FRANCHISES

Costs incurred in obtaining and renewing cable franchises are deferred and amortized over the estimated lives of the franchises. Costs relating to unsuccessful franchise applications are charged to expense when it is determined that the efforts to obtain the franchise will not be successful. Franchise rights acquired through the purchase of cable television systems represent management's estimate of fair value and are amortized using the straight-line method over a period of 15 years. The period of 15 years is management's best estimate of the useful lives of the franchises and assumes substantially all of those franchises that expire during the period will be renewed by the Company. Accumulated amortization was $317,335 and $264,600 at December 31, 1998 and 1997, respectively.

(d) NONCOMPETITION AGREEMENTS

Noncompetition agreements are amortized using the straight-line method over the term of the respective agreements. Accumulated amortization was $20,267 and $19,144 at December 31, 1998 and 1997, respectively.

(e) OTHER ASSETS

Debt issuance costs are amortized to interest expense over the term of the related debt. Going concern value of acquired cable systems is amortized using the straight-line method over a period up to 10 years.

(f) IMPAIRMENT OF ASSETS

If facts and circumstances suggest that a long-lived asset may be impaired, the carrying value is reviewed. If a review indicates that the carrying value of such asset is not recoverable based on projected undiscounted cash flows related to the asset over its remaining life, the carrying value of such asset is reduced to its estimated fair value.

(g) REVENUES

Cable television revenues from basic and premium services are recognized when the related services are provided.

Installation revenues are recognized to the extent of direct selling costs incurred. The remainder, if any, is deferred and amortized to income over the estimated average period that customers are expected to remain connected to the cable television system. As of December 31, 1998 and 1997, no installation revenue has been deferred, as direct selling costs exceeded installation revenue.

Management fee revenues are recognized concurrently with the recognition of revenues by the managed cable television system, or as a specified monthly amount as stipulated in the management agreement. Incentive management fee revenue is recognized upon performance of specified actions as stipulated in the management agreement.

(h) INCOME TAXES

Income taxes are the responsibility of the individual members and are not provided for in the accompanying financial statements. The Company's subsidiary corporations are subject to federal income tax but have had no operations and therefore, no taxable income since inception.

(i) INTEREST RATE HEDGE AGREEMENTS

The Company manages fluctuations in interest rates by using interest rate hedge agreements, as required by certain of its debt agreements. Interest rate swaps and caps are accounted for as hedges of debt obligations, and accordingly, the net settlement amounts are recorded as adjustments to interest expense in the period incurred.

The Company's interest rate swap agreements require the Company to pay a fixed rate and receive a floating rate thereby creating thereby creating fixed rate debt. Interest rate caps are entered into by the Company to reduce the impact of rising interest rates on floating rate debt.

The Company's participation in interest rate hedging transactions involves instruments that have a close correlation with its debt, thereby managing its risk. Interest rate hedge agreements have been designed for hedging purposes and are not held or issued for speculative purposes.

(j) USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(k) ACCOUNTING STANDARD NOT IMPLEMENTED

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

(3) CAPITAL STRUCTURE

PARTNERS' CAPITAL

(a) CLASSES OF PARTNERSHIP INTERESTS

The MCCLP partnership agreement (the "Partnership Agreement") provided for Class B Units and Convertible Preference Units. Class B Units consisted of General Partner Units ("GP Units") and Limited Partner Units ("LP Units"). To the extent that GP Units had the right to vote, GP Units voted as Class B Units together with Class B LP Units. Voting rights of Class B LP Units were limited to items specified under the Partnership Agreement. Prior to the dissolution of the Partnership on June 9, 1998, there were 18,848.19 GP Units and 294,937.67 Class B LP Units outstanding.

The Partnership Agreement also provided for the issuance of a class of Convertible Preference Units. These units were entitled to a general distribution preference over the Class B LP Units and were convertible into Class B LP Units. The Convertible Preference Units could vote together with Class B Units as a single class, and the voting percentage of each Convertible Preference Unit, at a given time, was based on the number of Class B LP Units into which such Convertible Preference Unit is then convertible. MCCLP had issued 7,500 Convertible Preference Units with a distribution preference and conversion price of two thousand dollars per unit.

The Partnership Agreement permitted the General Partner, at its sole discretion, to issue up to 31,517 Employee Units (classified as Class B Units) to key individuals providing services to the Company. Employee Units were not entitled to distributions until such time as all units have received certain distributions as calculated under provisions of the Partnership Agreement ("subordinated thresholds"). At December 31, 1997 28,033.20 Employee Units were outstanding with a subordinated threshold ranging from $1,600 to $1,750 per unit (per unit amounts in whole numbers). In connection with the Vulcan Acquisition, the amount paid to EUnit holders of $90,200 was recognized as Transaction and Severance Costs in the year ended December 31, 1998.

(b) ALLOCATION OF INCOME AND LOSS TO PARTNERS

MCCLP incurred losses from inception. Losses were allocated as follows:

(1) First, among the partners whose capital accounts exceed their unreturned capital contributions in proportion to such excesses until each such partner's capital account equals its unreturned capital contribution; and

(2) Next, to the holders of Class B Units in accordance with their unreturned capital contribution percentages.

The General Partner was allocated a minimum of 0.2% to 1% of income or loss at all times, depending on the level of capital contributions made by the partners.

MEMBERS' EQUITY

Upon completion of the Vulcan Acquisition, Vulcan collectively owned 99.4% of MCCLP through direct ownership of all LP Units and through 80% ownership of Marcus Cable Properties, Inc. ("MCPI"), the general partner of Marcus Cable Properties, L.P. ("MCPLP"), the general partner of MCCLP. The Minority Interest owned the voting common stock, or the remaining 20% of MCPI. In July 1998, Vulcan contributed $20,000 in cash to the Company relating to certain employee severance arrangements.

On June 9, 1998, MCCLP was converted into a Delaware limited liability company with two members: Vulcan Cable, Inc., with 96.2% ownership, and Marcus Cable Properties, L.L.C. ("MCPLLC") (formerly MCPLP), with 3.8% ownership. Vulcan Cable, Inc. owns approximately 25.6% and MCPI owns approximately 74.4% of MCPLLC, with Vulcan's interest in MCPI unchanged. As there was no change in ownership interests, the historical partners' capital balances at June 9, 1998 were transferred to and became the initial equity of MCCLLC, and thus the accompanying statement of members' equity has been presented as if the conversion of MCCLP into MCCLLC occurred on April 23, 1998, the date of the Vulcan Acquisition (see Note 1).

As of December 31, 1998, MCCLLC has 100 issued and outstanding membership units. Income and losses of MCCLLC are allocated to the members in accordance with their ownership interests. Members are not personally liable for obligations of MCCLLC.

(4) ACQUISITIONS AND DISPOSITIONS

In 1998, the Company acquired cable television systems in the Birmingham, Alabama area for a purchase price of $57,500. The excess of the cost of properties acquired over the amounts assigned to net tangible assets and noncompetition agreements as of the date of acquisition was approximately $44,603 and is included in franchises.

Additionally, in 1998, the Company completed the sale of certain cable television systems for an aggregate net sales price of $401,432, resulting in a total gain of $201,278.

In 1997, the Company acquired cable television systems in the Dallas-Ft. Worth, Texas area for a purchase price of $35,263. The excess of the cost of properties acquired over the amounts assigned to net tangible assets as of the date of acquisition was $15,098 and is included in franchises.

Additionally, in July 1997, the Company completed an exchange of cable television systems in Indiana and Wisconsin. According to the terms of the trade agreement, in addition to the contribution of its systems, the Company paid $18,549.

In 1996, the Company acquired cable television systems in three separate transactions for an aggregate purchase price of $10,272. The excess of the cost of properties acquired over the amounts assigned to net tangible assets as of the date of acquisition was $4,861 and is included in franchises.

Additionally, in 1996, the Company completed the sale of cable television systems in Washington, D.C. for a sale price of $20,638. The sale resulted in a gain of $6,442.

The above acquisitions were accounted for using the purchase method of accounting and, accordingly, results of operations of the acquired assets have been included in the accompanying consolidated financial statements from the dates of acquisition. The purchase prices were allocated to tangible and intangible assets based on estimated fair market values at the dates of acquisition. The cable system trade discussed above was accounted for as a nonmonetary exchange and, accordingly, the additional cash contribution was allocated to tangible and intangible assets based on recorded amounts of the nonmonetary assets relinquished.

Unaudited pro forma operating results as though 1998 and 1997 acquisitions and divestitures discussed above had occurred on January 1, 1997, with adjustments to give effect to amortization of franchises, interest expense and certain other adjustments are as follows for the years ended December 31, 1998 and 1997:

	1998	1997
	(UNAUDITED)	
Revenues	$ 457,929	$ 421,665
Operating income (loss)	(148,472)	9,064
Net loss	(150,841)	(142,143)

(5) PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consists of the following at December 31:

	1998	1997
Cable distribution systems	$ 996,804	$ 878,721
Vehicles and other	40,243	37,943
Land and buildings	18,861	17,271
	1,055,908	933,935
Accumulated depreciation	(314,887)	(227,309)
	$ 741,021	$ 706,626

Depreciation expense for the years ended December 31, 1998, 1997 and 1996 was $129,663, $96,220, and $72,281, respectively.

(6) OTHER ASSETS

Other assets consist of the following at December 31, 1998 and 1997:

	1998	1997
Debt issuance costs	$ 41,079	$ 45,225
Going concern value	37,274	37,274
Other	677	1,090
	79,030	83,589
Accumulated amortization	(26,102)	(19,289)
	$ 52,928	$ 64,300

MARCUS CABLE HOLDINGS, LLC AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

(7) ACCRUED LIABILITIES

Accrued liabilities consist of the following at December 31, 1998 and 1997:

	1998	1997
Accrued operating liabilities	$26,334	$27,923
Accrued programming costs	9,539	9,704
Accrued franchise fees	8,907	10,131
Accrued property taxes	4,586	5,125
Accrued interest	3,752	7,949
Other accrued liabilities	13,867	7,922
	$66,985	$68,754

(8) LONG-TERM DEBT

The Company has outstanding the following borrowings on long-term debt arrangements at December 31, 1998 and 1997:

	1998	1997
Senior Credit Facility	$ 808,000	$ 949,750
13 1/2% Senior Subordinated Discount Notes	383,236	336,304
14 1/4% Senior Discount Notes	241,183	213,372
11 7/8% Senior Debentures	--	100,000
	1,432,419	1,599,426
Less current maturities	77,500	67,499
	$1,354,919	$1,531,927

The Company, through MCOC, maintains a senior credit facility ("Senior Credit Facility"), which provides for two term loan facilities, one with a principal amount of $490,000 that matures on December 31, 2002 ("Tranche A") and the other with a principal amount of $300,000 million that matures on April 30, 2004 ("Tranche B"). The Senior Credit Facility provides for scheduled amortization of the two term loan facilities which began in September 1997. The Senior Credit Facility also provides for a $360,000 revolving credit facility ("Revolving Credit Facility"), with a maturity date of December 31, 2002. Amounts outstanding under the Senior Credit Facility bear interest at either the: i) Eurodollar rate, ii) prime rate, or iii) CD base rate or Federal Funds rate, plus a margin of up to 2.25%, which is subject to certain quarterly adjustments based on the ratio of MCOC's total debt to annualized operating cash flow, as defined. The variable interest rates ranged from 6.23% to 7.75% and 5.97% to 8.00% at December 23, 1998, and December 31, 1997, respectively. A quarterly commitment fee ranging from 0.250% to 0.375% per annum is payable on the unused commitment under the Senior Credit Facility.

On October 16, 1998, the Company entered into an agreement to amend its Senior Credit Facility. The amendment provides for, among other items, a reduction in the permitted leverage and cash flow ratios, a reduction in the interest rate charge under the Senior Credit Facility and a change in the restriction related to the use of cash proceeds from asset sales to allow such proceeds to be used to redeem the 11 7/8% Senior Debentures.

In 1995, the Company issued $299,228 of 14 1/4% Senior Discount Notes due December 15, 2005 (the "14 1/4% Notes") for net proceeds of $150,003. The 14 1/4% Notes are unsecured and rank pari passu to the 11 7/8% Debentures (defined below). The 14 1/4% Notes are redeemable at the option of MCHLLC at amounts decreasing from 107% to 100% of par beginning on June 15, 2000. No interest is payable until December 15, 2000. Thereafter interest is payable semi-annually until maturity. The discount on the 14 1/4% Notes is being accreted using the effective interest method. The unamortized discount was $85,856 at December 31, 1997.

In 1994, the Company, through MCOC, issued $413,461 face amount of 13 1/2% Senior Subordinated Discount Notes due August 1, 2004 (the "13 1/2% Notes") for net proceeds of $215,000. The 13 1/2% Notes are unsecured, are guaranteed by MCHLLC and are redeemable, at the option of MCOC, at amounts decreasing from 105% to 100% of par beginning on August 1, 1999. No interest is payable on the 13 1/2% Notes until February 1, 2000. Thereafter, interest is payable semi-annually until maturity. The discount on the 13 1/2% Notes is being accreted using the effective interest method. The unamortized discount was $77,157 at December 31, 1997.

In 1993, the Company issued $100,000 principal amount of 11 7/8% Senior Debentures due October 1, 2005 (the "11 7/8% Debentures"). The 11 7/8% Debentures were unsecured and were redeemable at the option of the Company on or after October 1, 1998 at amounts decreasing from 105.9% to 100% of par at October 1, 2002, plus accrued interest, to the date of redemption. Interest on the 11 7/8% Debentures was payable semi-annually each April 1 and October 1 until maturity.

On July 1, 1998, $4,500 face amount of the 14 1/4% Notes and $500 face amount of the 11 7/8% Notes were tendered for gross tender payments of $3,472 and $520 respectively. The payments resulted in a gain on the retirement of the debt of $753. On December 11, 1998, the 11 7/8% Notes were redeemed for a gross payment of $107,668, including accrued interest. The redemption resulted in a loss on the retirement of the debt of $9,059.

The 14 1/4% Notes, 13 1/2% Notes, 11 7/8% Debentures and Senior Credit Facility are all unsecured and require the Company and/or its subsidiaries to comply with various financial and other covenants, including the maintenance of certain operating and financial ratios. These debt instruments also contain substantial limitations on, or prohibitions of, distributions, additional indebtedness, liens, asset sales and certain other items.

(9) FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying and fair values of the Company's significant financial instruments as of December 31, 1998 and 1997 are as follows:

	1998		1997	
	CARRYING VALUE	FAIR VALUE	CARRYING VALUE	FAIR VALUE
Senior Credit Facility	$808,000	$808,000	$949,750	$949,750
13 1/2% Notes	383,236	418,629	336,304	381,418
14 1/4% Notes	241,183	279,992	213,372	258,084
11 7/8% Debentures	--	--	100,000	108,500

The carrying amount of the Senior Credit Facility approximates fair value as the outstanding borrowings bear interest at market rates. The fair values of the 14 1/4% Notes, 13 1/2% Notes, and 11 7/8% Debentures, are based on quoted market prices. The Company had interest rate swap agreements covering a notional amount of $500,000 at December 31, 1998 and 1997. The fair value of such swap agreements was ($5,761) at December 31, 1998.

The weighted average interest pay rate for the interest rate swap agreements was 5.7% at December 31, 1998, and 1997. Certain of these agreements allow for optional extension by the counterparty or for automatic extension in the event that one month LIBOR exceeds a stipulated rate on any monthly reset date. Approximately $100,000 notional amount included in the $500,000 notional amount described above is also modified by an interest rate cap agreement which resets monthly.

The notional amounts of the interest rate hedge agreements do not represent amounts exchanged by the parties and, thus, are not a measure of the Company's exposure through its use of interest rate hedge agreements. The amounts exchanged are determined by reference to the notional amount and the other terms of the contracts.

The fair values of the interest rate hedge agreements generally reflect the estimated amounts that the Company would receive or (pay) (excluding accrued interest) to terminate the contracts on the reporting date, thereby taking into account the current unrealized gains or losses of open contracts. Dealer quotations are available for the Company's interest rate hedge agreements.

Management believes that the sellers of the interest rate hedge agreements will be able to meet their obligations under the agreements. In addition, some of the interest rate hedge agreements are with certain of the participating banks under the Company's Senior Credit Facility thereby reducing the exposure to credit loss. The Company has policies regarding the financial stability and credit standing of the major counterparties. Nonperformance by the counterparties is not anticipated nor would it have a material adverse effect on the Company's consolidated financial position or results of operations.

(10) RELATED PARTY TRANSACTIONS

The Company and Charter entered into a management agreement on October 6, 1998 whereby Charter began to manage the day-to-day operations of the Company. In consideration for the management consulting services provided by Charter, Marcus pays Charter an annual fee equal to 3% of the gross revenues of the cable system operations, plus expenses. From October 6, 1998 to December 31, 1998, management fees under this agreement were $3,341.

Prior to the consummation of the Vulcan Acquisition, affiliates of Goldman Sachs owned limited partnership interests in MCCLP. Maryland Cable Partners, L.P. ("Maryland Cable"), which was controlled by an affiliate of Goldman Sachs, owned the Maryland Cable systems. MCOC managed the Maryland Cable systems under the Maryland Cable Agreement. Pursuant to such agreement, MCOC earned a management fee equal to 4.7% of the revenues of Maryland Cable.

Effective January 31, 1997, Maryland Cable was sold to a third party. Pursuant to the Maryland Cable Agreement, MCOC recognized incentive management fees of $5,069 during the twelve months ended December 31, 1997 in conjunction with the sale. Although MCOC is no longer involved in the active management of the Maryland Cable systems, MCOC has entered into an agreement with Maryland Cable to oversee the activities, if any, of Maryland Cable through the liquidation of the partnership. Pursuant to such agreement, MCOC earns a nominal monthly fee. During the year ended December 31, 1998, MCOC earned total management fees of $555. Including the incentive management fees noted above, during the years ended December 31, 1997 and 1996, MCOC earned total management fees of $5,614 and $2,335, respectively.

(11) EMPLOYEE BENEFIT PLAN

The Company sponsors a 401(k) plan for its employees whereby employees that qualify for participation under the plan can contribute up to 15% of their salary, on a before tax basis, subject to a maximum contribution limit as determined by the Internal Revenue Service. The Company matches participant contributions up to a maximum of 2% of a participant's salary. For the years ended December 31, 1998, 1997 and 1996, the Company made contributions to the plan of $765, $761 and $480, respectively.

(12) COMMITMENTS AND CONTINGENCIES

LEASES

The Company leases certain facilities and equipment under noncancelable operating leases. Lease and rental costs charged to expense for the years ended December 31, 1998, 1997 and 1996 were $3,394, $3,230, and $2,767, respectively. The Company also rents utility poles in its operations. Generally, pole rentals are cancelable on short notice, but the Company anticipates that such rentals will recur. Rent expense for pole attachments for the years ended December 31, 1998, 1997 and 1996 were $4,081, $4,314, and $4,008, respectively.

REGULATION IN THE CABLE TELEVISION INDUSTRY

The cable television industry is subject to extensive regulation at the federal, local and, in some instances, state levels. The Cable Communications Policy Act of 1984 (the "1984 Cable Act"), the Cable Television Consumer Protection and Competition Act of 1992 (the "1992 Cable Act" and together with the 1984 Cable Act, the "Cable Acts"), and the Telecommunications Act of 1996 (the "1996 Telecom Act"), establish a national policy to guide the development and regulation of cable television systems. The Federal Communications Commission (FCC) has principal responsibility for implementing the policies of the Cable Acts. Many aspects of such regulation are currently the subject of judicial proceedings and administrative or legislative proposals. Legislation and regulations continue to change, and the Company cannot predict the impact of future developments on the cable television industry.

The 1992 Cable Act and the FCC's rules implementing that act generally have increased the administrative and operational expenses of cable television systems and have resulted in additional regulatory oversight by the FCC and local or state franchise authorities. The Cable Acts and the corresponding FCC regulations have established rate regulations.

The 1992 Cable Act permits certified local franchising authorities to order refunds of basic service tier rates paid in the previous twelve-month period determined to be in excess of the maximum permitted rates. As of December 23, 1998, the amount returned by the Company has been insignificant. The Company may be required to refund additional amounts in the future.

The Company believes that it has complied in all material respects with the provisions of the 1992 Cable Act, including the rate setting provisions promulgated by the FCC. However, in jurisdictions that have chosen not to certify, refunds covering the previous twelve-month period may be ordered upon certification if the Company is unable to justify its basic rates. The Company is unable to estimate at this time the amount of refunds, if any, that may be payable by the Company in the event certain of its rates are successfully challenged by franchising authorities or found to be unreasonable by the FCC. The Company does not believe that the amount of any such refunds would have a material adverse effect on the financial position or results of operations of the Company.

The 1996 Telecom Act, among other things, immediately deregulated the rates for certain small cable operators and in certain limited circumstances rates on the basic service tier, and as of March 31, 1999, deregulates rates on the cable programming service tier (CPST). The FCC is currently developing permanent regulations to implement the rate deregulation provisions of the 1996 Telecom Act. The Company cannot predict the ultimate effect of the 1996 Telecom Act on the Company's financial position or results of operations.

The FCC may further restrict the ability of cable television operators to implement rate increases or the United States Congress may enact legislation that could delay or suspend the scheduled March 1999 termination of CPST rate regulation. This continued rate regulation, if adopted, could limit the rates charged by the Company.

A number of states subject cable television systems to the jurisdiction of centralized state governmental agencies, some of which impose regulation of a character similar to that of a public utility. State governmental agencies are required to follow FCC rules when prescribing rate regulation, and thus, state regulation of cable television rates is not allowed to be more restrictive than the federal or local regulation.

LITIGATION

In Alabama, Indiana, Texas and Wisconsin, customers have filed punitive class action lawsuits on behalf of all person residing in those respective states who are or were potential customers of the Company's cable television service, and who have been charged a processing fee for delinquent payment of their cable bill. The actions challenge the legality of the processing fee and seek declaratory judgment, injunctive relief and unspecified damages. In Alabama and Wisconsin, the Company has entered into joint speculation and case management orders with attorneys for plaintiffs. A Motion to Dismiss is pending in Indiana. The Company intends to vigorously defend the actions. At this stage of the actions, the Company is not able to project the expenses of defending the actions or the potential outcome of the actions, including the impact on the consolidated financial position or results of operations.

The Company is also party to lawsuits which are generally incidental to its business. In the opinion of management, after consulting with legal counsel, the outcome of these lawsuits will not have a material adverse effect on the Company's consolidated financial position or results of operations.

(13) SUBSEQUENT EVENT (UNAUDITED)

In March 1999, concurrent with the issuance of Senior Notes and Senior Discount Notes, the combined company (Charter and the Company, see note 1) extinguished all long-term debt, excluding borrowings of Charter and the Company under their respective credit agreements, and refinanced all existing credit agreements at various subsidiaries of the Company and Charter with a new credit agreement entered into by a wholly owned subsidiary of the combined company.

REPORT OF INDEPENDENT AUDITORS

To the Board of Directors of
Renaissance Media Group LLC

We have audited the accompanying consolidated balance sheet of Renaissance Media Group LLC (the "Company") as of April 30, 1999 and the related consolidated statements of operations, changes in members' equity, and cash flows for the four months ended April 30, 1999. 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 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 consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Company at April 30, 1999, and the consolidated results of its operations and its cash flows for the four months then ended in conformity with generally accepted accounting principles.

/s/ ERNST & YOUNG LLP

New York, New York
June 4, 1999
except for Note 11, as to which the date is
June 29, 1999

RENAISSANCE MEDIA GROUP LLC

CONSOLIDATED BALANCE SHEET

(IN THOUSANDS)

	APRIL 30, 1999
ASSETS	
Cash and cash equivalents	$ 5,400
Accounts receivable -- trade (less allowance for doubtful accounts of $86)	520
Accounts receivable -- other	492
Prepaid expenses and other assets	416
Investment in cable television systems:	
Property, plant and equipment	76,250
Less: accumulated depreciation	(10,706)
	65,544
Cable television franchises	238,429
Less: accumulated amortization	(16,754)
	221,675
Intangible assets	17,544
Less: accumulated amortization	(1,525)
	16,019
Net investment in cable television systems	303,238
Total assets	$310,066
LIABILITIES AND MEMBERS' EQUITY	
Accounts payable	$ 546
Accrued expenses	3,222
Subscriber advance payments and deposits	657
Deferred marketing credits	650
Debt	213,402
Total liabilities	218,477
Members' equity:	
Paid-in capital	108,600
Accumulated deficit	(17,011)
Total members' equity	91,589
Total liabilities and members' equity	$310,066

See accompanying notes to consolidated financial statements.

RENAISSANCE MEDIA GROUP LLC
CONSOLIDATED STATEMENT OF OPERATIONS
(IN THOUSANDS)

	FOUR MONTHS ENDED APRIL 30, 1999
Revenues	$20,396
Costs and expenses:	
Service costs	6,325
Selling, general and administrative	3,057
Depreciation and amortization	8,912
Operating income	2,102
Interest income	122
Interest (expense)	(6,321)
(Loss) before credit for taxes	(4,097)
Credit for taxes	65
Net (loss)	$(4,032)

See accompanying notes to consolidated financial statements.

RENAISSANCE MEDIA GROUP LLC
CONSOLIDATED STATEMENT OF CHANGES IN MEMBERS' EQUITY
(IN THOUSANDS)

	PAID-IN CAPITAL	ACCUMULATED DEFICIT	TOTAL MEMBERS' EQUITY
Balance December 31, 1998	$108,600	$(12,979)	$95,621
Net (loss)	--	(4,032)	(4,032)
Balance April 30, 1999	$108,600	$(17,011)	$91,589

See accompanying notes to consolidated financial statements.

RENAISSANCE MEDIA GROUP LLC

CONSOLIDATED STATEMENT OF CASH FLOWS

(IN THOUSANDS)

	FOUR MONTHS ENDED APRIL 30, 1999
OPERATING ACTIVITIES	
Net (loss)	$(4,032)
Adjustments to non-cash and non-operating items:	
Depreciation and amortization	8,912
Accretion on Senior Discount Notes	3,528
Other non-cash charges	322
Changes in operating assets and liabilities:	
Accounts receivable -- trade, net	206
Accounts receivable -- other	92
Prepaid expenses and other assets	(75)
Accounts payable	(1,496)
Accrued expenses	(3,449)
Subscriber advance payments and deposits	49
Deferred marketing support	(150)
Net cash provided by operating activities	3,907
INVESTING ACTIVITIES	
Purchased cable television systems:	
Property, plant and equipment	(830)
Cable television franchises	(1,940)
Escrow deposit	150
Capital expenditures	(4,250)
Other intangible assets	16
Net cash used in investing activities	(6,854)
FINANCING ACTIVITIES	
Repayment of advances from Holdings	(135)
Net cash used in financing activities	(135)
Net decrease in cash and cash equivalents	(3,082)
Cash and cash equivalents at December 31, 1998	8,482
Cash and cash equivalents at April 30, 1999	$ 5,400
SUPPLEMENTAL DISCLOSURES	
Interest paid	$ 4,210

See accompanying notes to consolidated financial statements

RENAISSANCE MEDIA GROUP LLC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(ALL DOLLAR AMOUNTS IN THOUSANDS)

1. ORGANIZATION AND BASIS OF PRESENTATION

Renaissance Media Group LLC ("Group") a wholly owned subsidiary of Renaissance Media Holdings LLC ("Holdings"), was formed in March 1998 to own and operate cable television systems in small and medium sized markets, which provide programming, and other related services, to subscribers through its hybrid coaxial and fiber optic distribution plant for a monthly fee. Group and its wholly owned subsidiaries, Renaissance Media (Louisiana) LLC ("Louisiana"), Renaissance Media (Tennessee) LLC ("Tennessee"), and Renaissance Media LLC ("Media") are collectively referred to as the "Company". On April 9, 1998, the Company acquired six cable television systems (the "Acquisition") from TWI Cable, Inc., a subsidiary of Time Warner Inc. ("Time Warner"). Prior to the Acquisition, the Company had no operations other than start-up related activities.

On February 23, 1999, Holdings, Charter Communications, Inc. ("Charter"), now known as Charter Investment, Inc. and Charter Communications, LLC ("Buyer" or "CC LLC") executed a purchase agreement (the "Charter Purchase Agreement"), providing for Holdings to sell and Buyer to purchase, all of the outstanding limited liability company membership interests in Group held by Holdings (the "Charter Transaction") subject to certain covenants and restrictions pending satisfaction of certain conditions prior to closing. The purchase price was $459,000, consisting of $348,000 in cash and $111,000 in assumed debt. On April 30, 1999, the Charter Transaction was consummated.

These financial statements have been prepared as of and for the four months ended April 30, 1999 immediately prior to the consummation of the Charter Transaction.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

NEW ACCOUNTING STANDARDS

During 1998, the Financial Accounting Standards Board issued Statement No. 133, "Accounting for Derivative Instruments and Hedging Activities" ("SFAS No. 133"). 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 Statement No. 133" has delayed the effective date of SFAS No. 133 to fiscal years beginning after June 15, 2000. The adoption of SFAS No. 133 is not expected to have a material impact on the consolidated financial statements.

PRINCIPLES OF CONSOLIDATION

The consolidated financial statements of the Company include the accounts of the Company and its wholly owned subsidiaries. Significant inter-company accounts and transactions have been eliminated.

RENAISSANCE MEDIA GROUP LLC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(ALL DOLLAR AMOUNTS IN THOUSANDS)

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.

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 $721 for the four months ended April 30, 1999. Replacements, renewals and improvements to installed cable plant are capitalized. Maintenance and repairs are charged to expense as incurred. Depreciation expense for the four months ended April 30, 1999 amounted to $3,434.

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 April 30, 1999 consisted of:

Land	$ 436
Buildings and leasehold improvements	1,445
Cable systems, equipment and subscriber devices	64,658
Transportation equipment	2,301
Furniture, fixtures and office equipment	923
Construction in progress	6,487
	76,250
Less: accumulated depreciation	(10,706)
Total	$65,544

RENAISSANCE MEDIA GROUP LLC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(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 April 30, 1999 consisted of:

Goodwill	$ 8,608
Deferred financing costs	8,307
Other intangible assets	629
	17,544
Less: accumulated amortization	(1,525)
Total	$16,019

The Company 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.

REVENUES 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.

ADVERTISING COSTS

Advertising costs are expensed upon the first exhibition of the related advertisements and are recorded net of marketing credits earned from launch incentive and cooperative advertising programs.

During the four months ended April 30, 1999 the company earned marketing credits in excess of advertising expense incurred. Advertising expense and marketing credits amounted to $263 and $306, respectively, for the four months ended April 30, 1999.

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.

RENAISSANCE MEDIA GROUP LLC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(ALL DOLLAR AMOUNTS IN THOUSANDS)

3. ACQUISITIONS

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.

4. DEBT

As of April 30, 1999, debt consisted of:

10% Senior Discount Notes at accreted value (a)	$110,902
Credit Agreement (b)	102,500
	$213,402

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(a) On April 9, 1998, the Company issued $163,175 principal amount at maturity, $100,012 initial accreted value, of 10% senior discount notes due 2008 (the "Notes"). The Notes pay no cash 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. The fair market value of the Notes at April 30, 1999 was $116,262. See Note 11 regarding the offer to repurchase the Notes.

(b) On April 9, 1998, 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 Agreement total $150,000, consisting of a $40,000 revolver (the "Revolver"), $60,000 Tranche A Term Loans and $50,000 Tranche B Term Loans (collectively the "Term Loans"). The Revolver 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. Management believes the terms are comparable to those that could be obtained from third parties. The effective interest rate, including commitment fees and amortization of related deferred financing costs and the interest-rate cap, for the four months ended April 30, 1999 was 7.58%. See Note 11 regarding the repayment of amounts outstanding under the Credit Agreement upon consummation of the Charter Transaction. The Credit Agreement and the indenture pursuant to which the Notes were issued contain restrictive covenants on the Company regarding additional indebtedness, investment guarantees, loans, acquisitions, dividends and merger or sale of the subsidiaries and require the maintenance of certain financial ratios.

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

RENAISSANCE MEDIA GROUP LLC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(ALL DOLLAR AMOUNTS IN THOUSANDS)

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 interest rate cap agreements, 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.

The Company purchased an interest rate cap agreement from Morgan Stanley Capital Services Inc. The carrying value as of April 30, 1999 was $34. The fair value of the interest rate cap was $0 as of April 30, 1999.

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 four months ended April 30, 1999, the credit for taxes has been calculated on a separate company basis. The components of the credit for taxes are as follows:

	FOUR MONTHS ENDED APRIL 30, 1999
Federal:	
Current	$ --
Deferred	--
State:	--
Current	(65)
Deferred	--
(Credit) for taxes	$(65)

The Company's current state tax credit results from overpayment in 1998 of franchise tax in Tennessee and Mississippi and tax on capital in New York.

The Company has a net operating loss ("NOL") carry-forward for income tax purposes which is available to offset future taxable income. This NOL totals approximately $22,324 and will expire in the year 2018 and 2019 at $14,900 and $7,424 respectively. The Company has established a valuation allowance to offset the entire potential future tax benefit of the NOL carry-forward 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 these losses by reducing future taxable income in the carry forward period is uncertain at this time.

(ALL DOLLAR AMOUNTS IN THOUSANDS)

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 (collectively the "Morgan Stanley Entities") acted as the Placement Agent for the Notes. In connection with these services the Morgan Stanley Entities received customary fees and expense reimbursement comparable to that of a third party exchange.

(B) Transactions with Time Warner and related parties

In connection with the Acquisition, Media entered into an agreement with Time Warner (the "Time Warner Agreement"), pursuant to which Time Warner managed the Company's programming in exchange for providing the Company access to certain Time Warner programming arrangements (the "Programming Arrangements"). Management believes that programming rates made available to the Company through its relationship with Time Warner are lower than rates that the Company could obtain separately. Such volume rates will not continue to be available after the Charter Transaction.

For the four months ended April 30, 1999, the Company incurred approximately $2,716 in costs under the Programming Arrangements. In addition, the Company has incurred programming costs of approximately $958 for programming services owned directly or indirectly by Time Warner entities for the four months ended April 30, 1999.

(C) 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 $154 for the four months ended April 30, 1999.

8. ACCRUED EXPENSES

Accrued expenses as of April 30, 1999 consist of the following:

Accrued franchise fees	$ 830
Accrued programming costs	644
Accrued salaries, wages and benefits	516
Accrued interest	340
Accrued property and sales tax	231
Accrued legal and professional fees	43
Other accrued expenses	618
	$3,222

9. EMPLOYEE BENEFIT PLAN

The Company sponsors 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 subject to Internal Revenue Code limitations. The Company's contribution to the Plan is limited to 50% of each eligible employee's contribution up to 10% of his or her

RENAISSANCE MEDIA GROUP LLC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(ALL DOLLAR AMOUNTS IN THOUSANDS)

compensation. The Company has the right in any year to set the amount of the Company's contribution percentage. Company matching contributions to the Plan for the four months ended April 30, 1999 were approximately $54. 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.

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.

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 $59 for the four months ended April 30, 1999. 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 $272 for the four months ended April 30, 1999.

Future minimum annual rental payments under noncancellable leases are as follows:

1999	$ 29
2000	38
2001	24
2002	21
2003 and thereafter	70
Total	$182

(B) Employment Agreements

Media entered into employment agreements with six senior executives, who are also investors in Holdings, for the payment of salaries and bonuses. In connection with the Charter Transaction, the employment agreements with the six senior executives were terminated with no liability to the Company.

(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 MHz) by November 30, 2000. This agreement with the FCC (the "FCC Agreement") has been assumed by the Company as part of the Acquisition and did not terminate as a result of the Charter Transaction. The Company has agreed to invest approximately $25,100 in upgrades to its cable infrastructure in accordance with the FCC Agreement.

The Company has spent approximately $3,650 on such upgrades as of April 30, 1999.

11. SUBSEQUENT EVENTS

The Charter Transaction was consummated at the close of business on April 30, 1999. In connection with the closing of the Charter Transaction, all amounts outstanding under the Credit

Agreement, including accrued interest and unpaid fees, were paid in full and the Credit Agreement was terminated. The effects of the debt repayment and the CC LLC capital contribution will be reflected in the consolidated financial statements of the Company for periods subsequent to April 30, 1999.

In connection with the closing of the Charter Transaction, the Time Warner Agreement was terminated on April 30, 1999 and Media paid Time Warner $650 for deferred marketing credits owed to program providers under the Programming Arrangements. See Note 7 (Transactions with Time Warner and related parties).

On May 28, 1999, as a result of the Charter Transaction (i.e., change of control) and in accordance with the terms and conditions of the indenture governing the Notes, the Company made an offer (the "Tender 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 Tender Offer expired on June 23, 1999, whereby 48,762 notes ($1,000 face amount at maturity) were validly tendered and accepted for purchase. On June 28, 1999, Charter Communications Operating, LLC, the indirect parent of Group, paid a sum of $34,223 for all of the Notes validly tendered. Accordingly, the Company recorded this payment for the extinguishment of debt as a capital contribution.

12. MANAGEMENT AGREEMENT (UNAUDITED)

Effective May 1, 1999, the Company is charged a management fee equal to 3.5% of revenues, as stipulated in the previous management agreement between Charter and Charter Communications Operating, LLC ("CCO"), the indirect parent of Group. To the extent that management fees charged to the Company are greater/(less) than the proportionate share (based on basic subscribers) of corporate expenses incurred by Charter on behalf of the Company, Group will record distributions to/(capital contributions from) Charter. On November 12, 1999, Charter and CCO entered into a revised management agreement eliminating the 3.5% management fee and entitling Charter to reimbursement from CCO of all of its costs incurred in connection with the performance of its services under the revised management agreement.

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)

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(a) includes costs from transactions with affiliated companies of $7,523.

(b) includes $676 of amortization of deferred financing costs.

See accompanying notes to financial statements.

RENAISSANCE MEDIA GROUP LLC
CONSOLIDATED STATEMENT OF CHANGES IN MEMBERS' EQUITY
FOR THE YEAR ENDED DECEMBER 31, 1998
(IN THOUSANDS)

	PAID IN CAPITAL	ACCUMULATED (DEFICIT)	TOTAL MEMBER'S EQUITY
Contributed Members' Equity -- Renaissance Media Holdings LLC and Renaissance Media LLC	$ 15,000	$ (24)	$14,976
Additional capital contributions	93,600	--	93,600
Net (Loss)	--	(12,955)	(12,955)
Balance December 31, 1998	$108,600	$(12,979)	$95,621

See accompanying notes to financial statements.

RENAISSANCE MEDIA GROUP LLC
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 1998
(IN THOUSANDS)

OPERATING ACTIVITIES:	
Net (loss)	$(12,955)
Adjustments to non-cash and non-operating items:	
Depreciation and amortization	19,107
Accretion on Senior Discount Notes	7,363
Other non-cash charges	730
Changes in operating assets and liabilities:	
Accounts receivable -- trade, net	(726)
Accounts receivable -- other	(584)
Prepaid expenses and other assets	(338)
Accounts payable	2,031
Accrued expenses	6,660
Subscriber advance payments and deposits	608
Deferred marketing support	800
Net cash provided by operating activities	22,696
INVESTING ACTIVITIES:	
Purchased cable television systems:	
Property, plant and equipment	(65,580)
Cable television franchises	(235,412)
Cash paid in excess of identifiable assets	(8,608)
Escrow deposit	(150)
Capital expenditures	(5,683)
Cable television franchises	(1,077)
Other intangible assets	(526)
Net cash (used in) investing activities	(317,036)
FINANCING ACTIVITIES:	
Debt acquisition costs	(8,323)
Principal repayments on bank debt	(7,500)
Advances from Holdings	33
Proceeds from bank debt	110,000
Proceeds from 10% Senior Discount Notes	100,012
Capital contributions	108,600
Net cash provided by financing activities	302,822
NET INCREASE IN CASH AND CASH EQUIVALENTS	8,482
CASH AND CASH EQUIVALENTS AT DECEMBER 31, 1997	--
CASH AND CASH EQUIVALENTS AT DECEMBER 31, 1998	$ 8,482
SUPPLEMENTAL DISCLOSURES:	
INTEREST PAID	$ 4,639

See accompanying notes to financial statements.

RENAISSANCE MEDIA GROUP LLC
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 1998
(ALL DOLLAR AMOUNTS IN THOUSANDS)

1. ORGANIZATION AND BASIS OF PRESENTATION

Renaissance Media Group LLC ("Group") was formed on March 13, 1998 by Renaissance Media Holdings LLC ("Holdings"). Holdings is owned by Morgan Stanley Capital Partners III, L.P. ("MSCP III"), Morgan Stanley Capital Investors, L.P. ("MSCI"), MSCP III 892 Investors, L.P. ("MSCP Investors" and, collectively, with its affiliates, MSCP III and MSCI and their respective affiliates, the "Morgan Stanley Entities"), Time Warner and the Management Investors. On March 20, 1998, Holdings contributed to Group its membership interests in two wholly-owned subsidiaries; Renaissance Media (Louisiana) LLC ("Louisiana") and Renaissance Media (Tennessee) LLC ("Tennessee"), which were formed on January 7, 1998. Louisiana and Tennessee acquired a 76% interest and 24% interest, respectively, in Renaissance Media LLC ("Media") from Morgan Stanley Capital Partners III, Inc. ("MSCP"), on February 13, 1998 through an acquisition of entities under common control accounted for as if it were a pooling of interests. As a result, Media became a subsidiary of Group and Holdings. Group and its aforementioned subsidiaries are collectively referred to as the "Company". On April 9, 1998, the Company acquired (the "Acquisition") six cable television systems (the "Systems") from TWI Cable, Inc. ("TWI Cable"), a subsidiary of Time Warner Inc. ("Time Warner"). See Note 3. Prior to this Acquisition, the Company had no operations other than start-up related activities.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

NEW ACCOUNTING STANDARDS

During fiscal 1998, the Financial Accounting Standards Board ("FASB") issued Statement No. 133, "Accounting for Derivative Instruments and Hedging Activities" ("FAS 133").

FAS 133 provides a comprehensive and consistent standard for the recognition and measurement of derivatives and hedging activities. The Company will adopt FAS 133 as of January 1, 2000. The impact of the adoption on the Company's consolidated financial statements is not expected to be material.

PRINCIPLES OF CONSOLIDATION

The consolidated financial statements of the Company include the accounts of the Company and its wholly owned subsidiaries. Significant intercompany accounts and transactions have been eliminated.

CONCENTRATION OF CREDIT RISK

A significant portion of the customer base is concentrated within the local geographical area of each of the individual cable television systems. The Company generally extends credit to customers and the ultimate collection of accounts receivable could be affected by the local economy. Management performs continuous credit evaluations of its customers and may require cash in advance or other special arrangements from certain customers. Management does not believe that there is any significant credit risk which could have a material effect on the Company's financial condition.

REVENUE AND COSTS

Subscriber fees are recorded as revenue in the period the related services are provided and advertising revenues are recognized in the period the related advertisements are exhibited.

RENAISSANCE MEDIA GROUP LLC
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)
DECEMBER 31, 1998
(ALL DOLLAR AMOUNTS IN THOUSANDS)

Rights to exhibit programming are purchased from various cable networks. The costs of such rights are generally expensed as the related services are made available to subscribers.

ADVERTISING COSTS

Advertising costs are expensed upon the first exhibition of the related advertisements. Advertising expense amounted to $491 in 1998.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash and investments in short-term, highly liquid securities, which have maturities when purchased of three months or less.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment is recorded at purchased and capitalized cost. Capitalized internal costs principally, consist of employee costs and interest on funds borrowed during construction. Capitalized labor, materials and associated overhead amounted to approximately $1,429 in 1998. Replacements, renewals and improvements to installed cable plant are capitalized. Maintenance and repairs are charged to expense as incurred. Depreciation expense for the year ended December 31, 1998 amounted to $7,314. Property, plant and equipment is depreciated using the straight-line method over the following estimated service lives:

Buildings and leasehold improvements	5 - 30 years
Cable systems, equipment and subscriber devices	5 - 30 years
Transportation equipment	3 - 5 years
Furniture, fixtures and office equipment	5 - 10 years

Property, plant and equipment at December 31, 1998 consisted of:

Land	$ 432
Buildings and leasehold improvements	1,347
Cable systems, equipment and subscriber devices	62,740
Transportation equipment	2,181
Furniture, Fixtures and office equipment	904
Construction in progress	3,642
	71,246
Less: accumulated depreciation	(7,294)
Total	$63,952

RENAISSANCE MEDIA GROUP LLC
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)
DECEMBER 31, 1998
(ALL DOLLAR AMOUNTS IN THOUSANDS)

CABLE TELEVISION FRANCHISES AND INTANGIBLE ASSETS

Cable television franchise costs include the assigned fair value, at the date of acquisition, of the franchises from purchased cable television systems. Intangible assets include goodwill, deferred financing and other intangible assets. Cable television franchises and intangible assets are amortized using the straight-line method over the following estimated useful lives:

Cable television franchises	15 years
Goodwill	25 years
Deferred financing and other intangible assets	2 - 10 years

Intangible assets at December 31, 1998 consisted of:

Goodwill	$ 8,608
Deferred Financing Costs	8,323
Other intangible assets	628
	17,559
Less: accumulated amortization	(1,059)
Total	$16,500

The Company periodically reviews the carrying value of its long-lived assets, including property, plant and equipment, cable television franchises and intangible assets, whenever events or changes in circumstances indicate that the carrying value may not be recoverable. To the extent the estimated future cash inflows attributable to the asset, less estimated future cash outflows, is less than the carrying amount, an impairment loss is recognized to the extent that the carrying value of such asset is greater than its fair value.

ESTIMATES USED IN FINANCIAL STATEMENT PRESENTATION

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

3. ACQUISITIONS

TWI CABLE

On April 9, 1998, the Company acquired six cable television systems from TWI Cable. The systems are clustered in southern Louisiana, western Mississippi and western Tennessee. This Acquisition represented the first acquisition by the Company. The purchase price for the systems was $309,500 which was paid as follows: TWI Cable received $300,000 in cash, inclusive of an escrow deposit of $15,000, and a $9,500 (9,500 units) equity interest in Renaissance Media Holdings LLC, the parent company of Group. In addition to the purchase price, the Company incurred approximately $1,385 in transaction costs, exclusive of financing costs.

The Acquisition was accounted for using the purchase method and, accordingly, results of operations are reported from the date of the Acquisition (April 9, 1998). The excess of the purchase price over the estimated fair value of the tangible assets acquired has been allocated to cable television franchises and goodwill in the amount of $235,387 and $8,608, respectively.

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

(ALL DOLLAR AMOUNTS IN THOUSANDS)

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.

RENAISSANCE MEDIA GROUP LLC
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)
DECEMBER 31, 1998
(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 Agent for the Notes. In connection with these services the Morgan Stanley Entities received customary fees and expense reimbursement.

(ALL DOLLAR AMOUNTS IN THOUSANDS)

(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. 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.

(ALL DOLLAR AMOUNTS IN THOUSANDS)

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.

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)

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.

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)

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.

Significant components of the Combined Systems' deferred tax assets and liabilities, as calculated on a separate company basis, are as follows:

	APRIL 8, 1998 (IN THOUSANDS)
Deferred tax liabilities:	
Amortization	$57,817
Depreciation	4,181
Total gross deferred tax liabilities	61,998
Deferred tax assets:	
Tax loss carryforwards	160
Allowance for doubtful accounts	46
Total deferred tax assets	206
Net deferred tax liability	$61,792

On a separate company basis, the Combined Systems have tax loss carryforwards of approximately $400,000 at April 8, 1998. However, if the Combined Systems are acquired in an asset purchase, the tax loss carryforwards, and net deferred tax liabilities relating to temporary differences will not carry over to Renaissance (see Note 8).

6. COMMITMENTS AND CONTINGENCIES

The Combined Systems had rental expense of approximately $244,000 for the period from January 1, 1998 through April 8, 1998 under various lease and rental agreements for offices, utility poles, warehouses and computer equipment. Future minimum annual rental payments under noncancellable leases will approximate $1,000,000 annually over the next five years.

In exchange for certain flexibility in establishing cable rate pricing structures for regulated services that went into effect on January 1, 1996, TWC has agreed with the Federal Communications Commission ("FCC") to invest in certain upgrades to its cable infrastructure (consisting primarily of materials and labor in connection with the plant upgrades up to 750 megahertz) over the next three years (approximately $25 million at December 31, 1997). This agreement with the FCC, which extends to the Combined Systems, will be assumed by Renaissance as it relates to the Combined Systems in accordance with the Asset Purchase Agreement.

PICAYUNE MS, LAFOURCHE LA, ST. TAMMANY LA, ST. LANDRY LA,
POINTE COUPEE LA, AND JACKSON TN CABLE TELEVISION SYSTEMS
(INCLUDED IN TWI CABLE INC.)

NOTES TO COMBINED FINANCIAL STATEMENTS -- (CONTINUED)

7. OTHER LIABILITIES

Other liabilities consist of:

	APRIL 8, 1998 (IN THOUSANDS)
Compensation	$279
Data Processing Costs	161
Sales and other taxes	146
Copyright Fees	35
Pole Rent	93
Other	33
Total	$747

8. SUBSEQUENT EVENT

The sale of the Combined Systems, in connection with the Asset Purchase Agreement with Renaissance, closed on April 9, 1998 at the purchase price of $309,500,000.

REPORT OF INDEPENDENT AUDITORS

To the Board of Directors of
TWI Cable Inc.

We have audited the accompanying combined balance sheets of the Picayune MS, Lafourche LA, St. Tammany LA, St. Landry LA, Pointe Coupee LA, and Jackson TN cable television systems, (collectively, the "Combined Systems") included in TWI Cable, Inc. ("TWI Cable"), as of December 31, 1996 and 1997, the related combined statements of operations, changes in net assets and cash flows for the years then ended. In addition, we have audited the combined statement of operations and cash flows for the year ended December 31, 1995 of the Predecessor Combined Systems. These combined financial statements are the responsibility of the Combined Systems' or the Predecessor's management. Our responsibility is to express an opinion on these combined financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of the Combined Systems, included in TWI Cable or the Predecessor, at December 31, 1996 and 1997, and the combined results of their operations and their cash flows for the years ended December 31, 1995, 1996 and 1997, in conformity with generally accepted accounting principles.

/s/ ERNST & YOUNG LLP

New York, New York
March 16, 1998

PICAYUNE MS, LAFOURCHE LA, ST. TAMMANY LA, ST. LANDRY LA,
POINTE COUPEE LA, AND JACKSON TN CABLE TELEVISION SYSTEMS
(INCLUDED IN TWI CABLE INC.)

COMBINED BALANCE SHEETS
(IN THOUSANDS)

	DECEMBER 31, 1996	DECEMBER 31, 1997
ASSETS		
Cash and cash equivalents	$ 570	$ 1,371
Receivables, less allowance of $71 and $116 for the years ended December 31, 1996 and 1997, respectively	794	1,120
Prepaid expenses and other assets	45	183
Property, plant and equipment, net	36,966	36,944
Cable television franchises, net	209,952	198,913
Goodwill and other intangibles, net	51,722	50,383
Total assets	$300,049	$288,914
LIABILITIES AND NET ASSETS		
Accounts payable	$ 1,640	$ 652
Accrued programming expenses	847	904
Accrued franchise fees	736	835
Subscriber advance payments and deposits	66	407
Deferred income taxes	58,340	60,601
Other liabilities	945	969
Total liabilities	62,574	64,368
Total net assets	237,475	224,546
Total liabilities and net assets	$300,049	$288,914

See accompanying notes to combined financial statements.

PICAYUNE MS, LAFOURCHE LA, ST. TAMMANY LA, ST. LANDRY LA,
POINTE COUPEE LA, AND JACKSON TN CABLE TELEVISION SYSTEMS

COMBINED STATEMENTS OF OPERATIONS
(IN THOUSANDS)

	YEAR ENDED DECEMBER 31,		
	1995	1996	1997
	(PREDECESSOR)	(INCLUDED IN TWI CABLE INC.)	
REVENUES	$43,549	$47,327	$50,987
COSTS AND EXPENSES:			
Operating and programming	13,010	12,413	12,101
Selling, general and administrative	9,977	12,946	13,823
Depreciation and amortization	17,610	18,360	18,697
(Gain) loss on disposal of fixed assets	--	(244)	620
Total costs and expenses	40,597	43,475	45,241
Operating income	2,952	3,852	5,746
Interest expense	11,871	--	--
(Loss) income before income tax (benefit) expense	(8,919)	3,852	5,746
Income tax (benefit) expense	(3,567)	1,502	2,262
Net (loss) income	$(5,352)	$ 2,350	$ 3,484

See accompanying notes to combined financial statements.

PICAYUNE MS, LAFOURCHE LA, ST. TAMMANY LA, ST. LANDRY LA,
POINTE COUPEE LA, AND JACKSON TN CABLE TELEVISION SYSTEMS
(INCLUDED IN TWI CABLE INC.)

COMBINED STATEMENTS OF CHANGES IN NET ASSETS
(IN THOUSANDS)

Contribution by Parent	$250,039
Repayment of advances from Parent	(47,895)
Advances from Parent	32,981
Net income	2,350
Balance at December 31, 1996	237,475
Repayment of advances from Parent	(50,661)
Advances from Parent	34,248
Net income	3,484
Balance at December 31, 1997	$224,546

See accompanying notes to combined financial statements.

PICAYUNE MS, LAFOURCHE LA, ST. TAMMANY LA, ST. LANDRY LA,
POINTE COUPEE LA, AND JACKSON TN CABLE TELEVISION SYSTEMS

COMBINED STATEMENTS OF CASH FLOWS
(IN THOUSANDS)

	YEAR ENDED DECEMBER 31,		
	1995	1996	1997
	(PREDECESSOR)	(INCLUDED IN TWI CABLE INC.)	
OPERATING ACTIVITIES:			
Net (loss) income	$(5,352)	$ 2,350	$ 3,484
Adjustments for noncash and nonoperating items:			
Income tax (benefit) expense	(3,567)	1,502	2,262
Depreciation and amortization	17,610	18,360	18,697
(Gain) loss on disposal of fixed assets	--	(244)	620
Changes in operating assets and liabilities:			
Receivables, prepaids and other assets	(196)	944	(464)
Accounts payable, accrued expenses and other liabilities	(972)	176	(466)
Other balance sheet changes	--	--	(529)
Net cash provided by operations	7,523	23,088	23,604
INVESTING ACTIVITIES:			
Purchase of Predecessor cable systems, net of cash acquired	--	(249,473)	--
Capital expenditures	(7,376)	(8,170)	(6,390)
Net cash used in investing activities	(7,376)	(257,643)	(6,390)
FINANCING ACTIVITIES:			
Advance from Parent for purchase of Predecessor	--	250,039	--
Net repayment of advances from Parent	--	(14,914)	(16,413)
Net cash provided by (used in) financing activities	--	235,125	(16,413)
INCREASE IN CASH AND CASH EQUIVALENTS	147	570	801
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	419	0	570
CASH AND CASH EQUIVALENTS AT END OF PERIOD	$ 566	$ 570	$ 1,371

See accompanying notes to combined financial statements.

PICAYUNE MS, LAFOURCHE LA, ST. TAMMANY LA, ST. LANDRY LA,
POINTE COUPEE LA, AND JACKSON TN CABLE TELEVISION SYSTEMS
(INCLUDED IN TWI CABLE INC.)

NOTES TO COMBINED FINANCIAL STATEMENTS

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

DESCRIPTION OF BUSINESS

The cable television systems operating in the metropolitan areas of Picayune, Mississippi; Lafourche, Louisiana; St. Tammany, Louisiana; St. Landry, Louisiana; Pointe Coupee, Louisiana; and Jackson, Tennessee (the "Combined Systems") are principally engaged in the cable television business under non-exclusive franchise agreements, which expire at various times beginning in 1999. The Combined Systems' operations consist primarily of selling video programming which is distributed to subscribers for a monthly fee through a network of coaxial and fiber-optic cables.

Prior to January 4, 1996, the Combined Systems were included in certain subsidiaries of Cablevision Industries Corporation ("CVI"). On January 4, 1996, CVI merged into a wholly owned subsidiary of Time Warner Inc. (the "CVI Merger"). On October 1, 1996, Time Warner Inc. ("Time Warner") completed a reorganization amongst certain of its wholly owned cable television subsidiaries whereby CVI was renamed TWI Cable Inc. ("TWI Cable").

BASIS OF PRESENTATION

TWI Cable has committed to sell the Combined Systems to Renaissance Media Holdings LLC ("Renaissance") pursuant to an Asset Purchase Agreement with Renaissance, dated November 14, 1997. Accordingly, the accompanying combined financial statements of the Combined Systems reflect the "carved out" historical financial position, results of operations, cash flows and changes in net assets of the operations of the Combined Systems as if they had been operating as a separate company. Effective as of January 1, 1996, the Combined Systems' financial statements reflect the new basis of accounting arising from Time Warner's merger with CVI. Based on Time Warner's allocation of the purchase price, the assets and liabilities of the Combined Systems were revalued resulting in goodwill allocated to the Combined Systems of approximately $52,971,000, which is being amortized over its estimated life of 40 years. In addition, approximately $220,981,000 was allocated to cable television franchises and other intangible assets, which is being amortized over periods up to 20 years. The Combined Systems' financial statements through December 31, 1995 reflect the historical cost of their assets and liabilities and results of their operations.

The combined statements have been adjusted to include the allocation of certain corporate expenses incurred by Time Warner Cable and/or TWI Cable on the Combined Systems' behalf, based upon the number of Combined System subscribers managed by Time Warner Cable and the ratio of Combined System subscribers to total TWI Cable subscribers, respectively. These allocations reflect all costs of doing business that the Combined Systems would have incurred on a stand alone basis as disclosed in Note 3. Management believes that these allocations are reasonable.

BASIS OF COMBINATION

The combined financial statements include the assets, liabilities, revenues, expenses, income, loss and cash flows of the Combined Systems, as if the Combined Systems were a single company. Significant intercompany accounts and transactions between the Combined Systems have been eliminated. Significant accounts and transactions with Time Warner and its affiliates are disclosed as related party transactions (see Note 3).

USE OF ESTIMATES

The preparation of combined financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the combined financial statements and footnotes thereto. Actual results could differ from those estimates.

CONCENTRATION OF CREDIT RISK

A significant portion of the customer base is concentrated within the local geographical area of each of the individual cable television systems. The Combined Systems generally extend credit to customers and the ultimate collection of accounts receivable could be affected by the local economy. Management performs continuous credit evaluations of its customers and may require cash in advance or other special arrangements from certain customers. Management does not believe that there is any significant credit risk which could have a material effect on the financial condition of the Combined Systems.

REVENUE AND COSTS

Subscriber fees are recorded as revenue in the period the related services are provided and advertising revenues are recognized in the period the related advertisements are exhibited. Rights to exhibit programming are purchased from various cable networks. The costs of such rights are generally expensed as the related services are made available to subscribers.

FRANCHISE FEES

Local governmental authorities impose franchise fees on the cable television systems owned by the Combined Systems ranging up to a federally mandated maximum of 5.0% of gross revenues. On a monthly basis, such fees are collected from the Combined Systems' customers. Prior to January 1997, franchise fees were not separately itemized on customers' bills. Such fees were considered part of the monthly charge for basic services and equipment, and therefore were reported as revenue and expense in the Combined Systems' financial results. Management began the process of itemizing such fees on all customers' bills beginning in January 1997. In conjunction with itemizing these charges, the Combined Systems began separately collecting the franchise fee on all revenues subject to franchise fees. As a result, such fees are no longer included as revenue or as franchise fee expense. The net effect of this change is a reduction in 1997 revenue and franchise fee expense of approximately $1,500,000 versus the comparable period in 1996.

ADVERTISING COSTS

Advertising costs are expensed upon the first exhibition of the related advertisements. Advertising expense amounted to $308,000, $632,000 and $510,000 for the years ended 1995, 1996 and 1997, respectively.

STATEMENT OF CASH FLOWS

The Combined Systems participate in a cash management system with affiliates whereby cash receipts are transferred to a centralized bank account from which centralized payments to various suppliers and creditors are made on behalf of the Combined Systems. The excess of such cash receipts over payments is included in net assets. Amounts shown as cash represent the Combined Systems' net cash receipts not transferred to the centralized account as of December 31, 1996 and 1997. The average net intercompany payable balances were $173,348,000 and $170,438,000 for the years ended December 31, 1996 and 1997, respectively.

For purposes of this statement, cash and cash equivalents includes all highly liquid investments purchased with original maturities of three months or less.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are stated at cost. Additions to property, plant and equipment generally include material, labor, overhead and interest. Depreciation is provided on the straight-line method over estimated useful lives as follows:

Buildings and improvements	5-20 years
Cable television equipment	5-15 years
Furniture, fixtures and other equipment	3-10 years

Property, plant and equipment consist of:

	DECEMBER 31,	
	1996	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

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)

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).

6. COMMITMENTS AND CONTINGENCIES

The Combined Systems had rental expense of approximately $642,000, $824,000, and $843,000 for the years ended December 31, 1995, 1996 and 1997, respectively, under various lease and rental agreements for offices, utility poles, warehouses and computer equipment. Future minimum annual rental payments under noncancellable leases will approximate $1,000,000 annually over the next five years.

In exchange for certain flexibility in establishing cable rate pricing structures for regulated services that went into effect on January 1, 1996, TWC has agreed with the Federal Communications Commission ("FCC") to invest in certain upgrades to its cable infrastructure (consisting primarily of materials and labor in connection with the plant upgrades up to 750 megahertz) over the next three years (approximately $22 million). This agreement with the FCC, which extends to the Combined Systems, will be assumed by Renaissance as it relates to the Combined Systems in accordance with the Asset Purchase Agreement.

7. OTHER LIABILITIES

Other liabilities consist of:

	DECEMBER 31, 1996	DECEMBER 31, 1997
	(IN THOUSANDS)	
Compensation	$217	$250
Data Processing Costs	100	90
Sales and other taxes	101	90
Copyright Fees	85	83
Pole Rent	66	63
Other	376	393
Total	$945	$969

8. SUBSEQUENT EVENT (UNAUDITED)

The sale of the Combined Systems, in connection with the Asset Purchase Agreement with Renaissance, closed on April 9, 1998 at the purchase price of $309,500,000.

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To Greater Media, Inc.:

We have audited the accompanying combined statements of income, changes in net assets and cash flows of Greater Media Cablevision Systems (see Note 1) (collectively, the "Combined Systems") included in Greater Media, Inc., for the nine months ended June 30, 1999. These combined financial statements are the responsibility of management. Our responsibility is to express an opinion on these combined financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States. 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 results of operations of the Combined Systems and their cash flows for the nine months ended June 30, 1999, in conformity with accounting principles generally accepted in the United States.

/s/ ARTHUR ANDERSEN LLP

St. Louis, Missouri,
March 6, 2000

GREATER MEDIA CABLEVISION SYSTEMS

COMBINED STATEMENT OF INCOME
(IN THOUSANDS)

	NINE MONTHS ENDED JUNE 30, 1999
REVENUES	$62,469
OPERATING EXPENSES:	
Operating	26,248
General and administrative	9,150
Corporate charges- related party	3,175
Depreciation and amortization	7,398
	45,971
Income from operations	16,498
OTHER EXPENSE:	
Interest expense, net	(705)
Other	(365)
INCOME BEFORE PROVISION IN LIEU OF INCOME TAXES	15,428
PROVISION IN LIEU OF INCOME TAXES	6,646
NET INCOME	$ 8,782

The accompanying notes are an integral part of these combined statements.

GREATER MEDIA CABLEVISION SYSTEMS

COMBINED STATEMENT OF CHANGES IN NET ASSETS
(IN THOUSANDS)

BALANCE, September 30, 1998	$54,131
Net income	8,782
Provision in lieu of income taxes	6,646
Net payments to affiliates	(34)
BALANCE, June 30, 1999	$69,525

The accompanying notes are an integral part of these combined statements.

GREATER MEDIA CABLEVISION SYSTEMS

COMBINED STATEMENT OF CASH FLOWS
(IN THOUSANDS)

	NINE MONTHS ENDED JUNE 30, 1999
CASH FLOWS FROM OPERATING ACTIVITIES:	
Net income	$ 8,782
Adjustments to reconcile net income to net cash provided by operating activities --	
Depreciation and amortization	7,398
Provision in lieu of income taxes	6,646
Loss on sale of fixed assets	465
Changes in assets and liabilities --	
Accounts receivable, prepaid expenses and other current assets	(1,431)
Other assets	10
Accounts payable and accrued expenses	(178)
Customers' prepayments and deferred installation revenue	218
Net cash provided by operating activities	21,910
CASH FLOWS FROM INVESTING ACTIVITIES:	
Capital expenditures	(13,797)
Other	(512)
Net cash used in investing activities	(14,309)
CASH FLOWS FROM FINANCING ACTIVITIES:	
Net payments to affiliates	(34)
Net cash used in financing activities	(34)
NET INCREASE IN CASH AND CASH EQUIVALENTS	7,567
CASH AND CASH EQUIVALENTS, beginning of period	4,080
CASH AND CASH EQUIVALENTS, end of period	$ 11,647
CASH PAID FOR NON-AFFILIATE INTEREST	$ 264

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 comprised 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, which are also wholly-owned by the Company. The Company is a wholly-owned subsidiary of Greater Media, Inc. (the "Parent"). 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 (the "Charter Sale"). Effective with this change of ownership, the Combined Systems will be managed by Charter Investment, Inc.

Significant intercompany accounts and transactions between the Combined Systems have been eliminated in the combined financial statements.

The Combined Systems primarily provide cable television services to subscribers in central and western Massachusetts.

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

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:

Land improvements	20 years
Furniture, fixtures and equipment	3-15 years
Buildings	15-40 years
Trunk and distribution systems	7-12 years

Depreciation expense for the nine months ended June 30, 1999, was $7,343.

Intangible Assets

Intangible assets consist primarily of goodwill, which is amortized over forty years, and costs incurred in obtaining and renewing cable franchises, which are amortized over the life of the respective franchise agreements. Amortization expense for the nine months ended June 30, 1999, was $55.

GREATER MEDIA CABLEVISION SYSTEMS

NOTES TO COMBINED FINANCIAL STATEMENTS -- CONTINUED

Revenues

Cable television revenues from basic and premium services are recognized when the related services are provided.

Segments

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. INCOME TAXES

The Combined Systems are included in the consolidated federal income tax return of the Parent. 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.

The provision in lieu of income taxes approximates the amount of tax computed using U.S. statutory rates, after reflecting state income tax expense.

3. RELATED PARTY TRANSACTIONS

The Company and each of its subsidiaries are guarantors of the Parent's debt.

The combined statements include charges for certain corporate expenses incurred by the Parent on behalf of the Combined Systems. Such charges amounted to $3,175 for the nine months ended June 30, 1999. Management believes that this cost is reasonable and reflects costs of doing business that the Combined Systems would have incurred on a stand-alone basis.

4. EMPLOYEE BENEFIT PLANS

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 Combined Systems' contribute 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. In connection with the Charter Sale, all employees became fully vested. Following the Charter Sale, the Company's 401(k) plan was merged into Charter Communication, Inc.'s.

The Combined Systems expense relating to the 401(k) Plan for the nine months ended June 30, 1999, was $123.

PENSION

Certain 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 $57 for the nine months ended June 30, 1999. As a result of the Charter Sale, the Combined Systems' employees became fully vested with respect to their plan benefits. No additional benefits will accrue to such employees in the future. In addition, the Parent is responsible for the allocable pension liability and will continue to administer the plan on behalf of the Combined Systems' employees.

5. COMMITMENTS AND CONTINGENCIES

Leases

The Combined Systems lease certain facilities and equipment under noncancelable operating leases. Rent expense incurred for the nine months ended June 30, 1999, was $249.

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 nine months ended June 30, 1999, was $479.

Litigation

The Combined Systems are a 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 Combined Systems' 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 Combined Systems 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 Combined Systems may be required to refund additional amounts in the future.

The Combined Systems believe 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 Combined Systems are 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 the financial position or results of operations of the Combined Systems.

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, deregulated rates on the cable programming service tier (CPST). The FCC has taken the position that it will still adjudicate pending CPST complaints but will strictly limit its review, and possible refund orders, to the time period predating the sunset date, March 31, 1999. The Combined Systems do not believe any adjudications regarding their pre-sunset complaints will have a material adverse effect on the Combined Systems' financial position or results of operations.

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 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)

	YEAR ENDED SEPTEMBER 30,		
	1998	1997	1996
NET REVENUES	$77,127	$73,436	$66,816
OPERATING EXPENSES:			
Operating expenses	32,665	31,115	29,460
General and administrative	10,869	11,211	10,321
Corporate charges	3,888	3,696	3,365
Depreciation and amortization	8,183	7,368	7,353
	55,605	53,390	50,499
Income from operations	21,522	20,046	16,317
OTHER INCOME (EXPENSES):			
Interest expense, net	(504)	(307)	(764)
Other	(532)	(957)	(366)
INCOME BEFORE PROVISION IN LIEU OF INCOME TAXES	20,486	18,782	15,187
Provision in lieu of income taxes (Note 6)	8,008	7,964	5,987
Net income	$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)

	YEAR ENDED SEPTEMBER 30,		
	1998	1997	1996
Net income	$12,478	$10,818	$ 9,200
Adjustments to reconcile net income to net cash provided by operating activities:			
Provision in lieu of income taxes	8,008	7,964	5,987
Depreciation and amortization	8,183	7,368	7,353
(Gain) loss on sale of fixed assets	300	715	274
Changes in assets and liabilities:			
Accounts receivable, prepaid expenses and other assets	(813)	(1,115)	(498)
Other assets	24	(30)	(11)
Accounts payable and accrued expenses	1,825	(440)	(1,900)
Customers' prepayments and deferred installation revenue	96	367	94
Customers' deposits and deferred revenue	(270)	(69)	466
Net cash provided by operating activities	29,831	25,578	20,965
Cash flow from investing activities:			
Capital expenditures	(21,049)	(7,587)	(5,122)
Proceeds from disposition of property and equipment	72	--	128
Purchase of licenses	(1,044)	(99)	--
Net cash used in investing activities	(22,021)	(7,686)	(4,994)
Cash flow from financing activities:			
Net payments to affiliates	(7,410)	(18,061)	(17,038)
Net increase (decrease) in cash and cash equivalents	400	(169)	(1,067)
Cash and cash equivalents, beginning of year	3,680	3,849	4,916
Cash and cash equivalents, end of year	$ 4,080	$ 3,680	$ 3,849
Supplemental disclosure of cash flow information:			
Non-affiliate interest paid during the year	$ 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.

GREATER MEDIA CABLEVISION SYSTEMS

NOTES TO COMBINED FINANCIAL STATEMENTS -- (CONTINUED)

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 PUBLIC ACCOUNTANTS

To Helicon Partners I, L.P.:

We have audited the accompanying combined statements of operations, changes in net assets and cash flows of Helicon Partners I, L.P. and affiliates for the seven months ended July 30, 1999. 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 audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States. 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 results of operations of Helicon Partners I, L.P. and affiliates and their cash flows for the seven months ended July 30, 1999 in conformity with accounting principles generally accepted in the United States.

/s/ ARTHUR ANDERSEN LLP

St. Louis, Missouri,
March 6, 2000

HELICON PARTNERS I, L.P. AND AFFILIATES
COMBINED STATEMENT OF OPERATIONS

	SEVEN MONTHS ENDED JULY 30, 1999
REVENUES	$ 49,564,581
OPERATING EXPENSES:	
Operating expenses	16,358,995
General and administrative expenses	13,877,357
Marketing expenses	1,327,669
Depreciation and amortization	16,616,529
Management fee charged by affiliate	2,511,416
Total operating expenses	50,691,966
Operating income	(1,127,385)
INTEREST INCOME (EXPENSE):	
Interest expense	(20,681,592)
Interest income	124,486
NET LOSS	$(21,684,491)

The accompanying notes are an integral part of these combined statements.

HELICON PARTNERS I, L.P. AND AFFILIATES
COMBINED STATEMENT OF CHANGES IN PARTNERS' DEFICIT

	PREFERRED LIMITED PARTNERS	GENERAL PARTNER	CLASS A LIMITED PARTNERS	CLASS B LIMITED PARTNER	CAPITAL CONTRIBUTION RECEIVABLE	PARTNERS' DEFICIT
Balance at December 31, 1998	$8,567,467	$ (989,962)	$(134,807,570)	--	$(1,000)	$(127,231,065)
Distribution of additional preferred partnership interests	609,621	(6,097)	(603,524)	--	--	--
Accretion of redeemable partnership interests	--	(269,961)	(26,726,132)	--	--	(26,996,093)
Capital contribution	--	--	--	3,628,250	--	3,628,250
Net loss	--	(216,845)	(21,467,646)	--	--	(21,684,491)
Balance at July 30, 1999	$9,177,088	$(1,482,865)	$(183,604,872)	$3,628,250	$(1,000)	$(172,283,399)

The accompanying notes are an integral part of these combined statements.

HELICON PARTNERS I, L.P. AND AFFILIATES

COMBINED STATEMENT OF CASH FLOWS

	SEVEN MONTHS ENDED JULY 30, 1999
CASH FLOWS FROM OPERATING ACTIVITIES:	
Net loss	$(21,684,491)
Adjustments to reconcile net loss to net cash provided by operating activities-	
Depreciation and amortization	16,616,529
Amortization of debt discount and deferred financing costs	2,801,895
Gain on sale of equipment	(22,536)
Interest on 12% subordinated notes paid through the issuance of additional notes	2,706,044
Changes in operating assets and liabilities-	
Receivables from subscribers	(1,544,469)
Prepaid expenses and other assets	2,773,825
Accounts payable and accrued expenses	(2,937,602)
Subscriptions received in advance	803,151
Accrued interest	2,557,212
Net cash provided by operating activities	2,069,558
CASH FLOWS FROM INVESTING ACTIVITIES:	
Purchases of property, plant and equipment	(6,332,987)
Proceeds from sale of equipment	32,288
Cash paid for net assets of cable television systems, net of cash acquired	(6,217,143)
Increase in intangible assets	(487,595)
Net cash used in investing activities	(13,005,437)
CASH FLOWS FROM FINANCING ACTIVITIES:	
Proceeds from bank loans	13,000,000
Repayments of bank loans and other notes	(483,178)
Capital contribution	3,628,250
Advances to affiliates, net	(247,043)
Payment of financing costs	(240,000)
Net cash provided by financing activities	15,658,029
NET INCREASE IN CASH AND CASH EQUIVALENTS	4,722,150
CASH AND CASH EQUIVALENTS, beginning of period	5,130,561
CASH AND CASH EQUIVALENTS, end of period	$ 9,852,711
CASH PAID FOR INTEREST	$ 12,582,725
ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT THROUGH THE ISSUANCE OF OTHER NOTES PAYABLE	$ 389,223

The accompanying notes are an integral part of these combined statements.

HELICON PARTNERS I, L.P. AND AFFILIATES

NOTES TO COMBINED FINANCIAL STATEMENTS

1. ORGANIZATION AND OPERATIONS

Helicon Partners I, L.P. ("the Partnership") was organized as a limited partnership under the laws of the State of Delaware. The Partnership owns all of the limited partnership interests in THGLP, representing a 99% ownership, and Baum Investment, Inc. ("Baum"), the general partner of THGLP, owns the 1% general partnership interest in THGLP. The Partnership also owns a 99% interest and THGLP owns a 1% interest in HPI Acquisition Co., LLC ("HPIAC"). The Partnership also owns an 89% limited partnership interest and Baum a 1% general partnership interest in Helicon OnLine, L.P. ("HOL"). The Partnership, THGLP, HPIAC and HOL are referred to collectively herein as the Company.

The Company operates in one business segment offering cable television services in the states of Pennsylvania, West Virginia, North Carolina, South Carolina, Louisiana, Vermont, New Hampshire, Georgia and Tennessee. The Company also offers to customers advanced services, such as paging and private data network systems, including dial up access and a broad range of Internet access services in Pennsylvania and Vermont, dedicated high speed access, high speed cable modem access, world wide web design, and hosting services.

On July 30, 1999, Charter-Helicon, LLC ("Charter-Helicon"), acquired a 1% interest in THGLP previously owned by Baum 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 by CC-LLC.

The post-closing process associated with the Helicon/Charter Deal has not been finished. Accordingly, the accompanying combined financial statements may not give effect to all adjustments arising from the change of ownership of the Company.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Combination

The accompanying financial statements include the accounts of the Partnership, THGLP, 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., which has nominal assets and no operations since its incorporation. All intercompany accounts and transactions have been eliminated in combination.

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%.

Cash and Cash Equivalents

The Company considers all highly liquid investments with original maturities of three months or less to be cash equivalents.

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.

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.

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. When changes in events or circumstances warrant, the Company 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 the projected undiscounted cash flows, current market conditions and changes in the cable television industry that would impact the recoverability of such assets.

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 Company.

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.

3. ACQUISITIONS

On January 7, 1999, THGLP acquired cable television systems serving subscribers in the North Carolina counties of Carter, Johnson and Unicol. The aggregate purchase price was $5,228,097 and was allocated to the net assets acquired, which included property, plant and equipment and intangible assets, based on their estimated fair values.

On March 1, 1999, HPIAC acquired a cable television system serving subscribers in the communities of Abbeville, Donalds and Due West, South Carolina. The aggregate purchase price was $723,356 and was allocated to the net assets acquired, which included property, plant and equipment, and intangible assets, based on their estimated fair value.

The operating results relating to the above acquisitions are included in the accompanying combined financial statements from the acquisition dates forward. Pro forma operating results for 1999 as though the acquisitions had occurred on January 1, 1999, would not be materially different than historical operating results.

4. 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. Effective upon the execution of the Charter/Helicon Deal, Charter Investment, Inc. is the manager of the Company's operations.

The Partnership was managed by Helicon Corp., an affiliated management company. During the seven months ended July 30, 1999, the Partnership was charged a management fee of $2,511,416. Management fees are calculated based on the gross revenues of the systems.

5. SENIOR SECURED NOTES

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. Interest is payable on a semi-annual basis in arrears on November 1 and May 1. The discount on the Senior Secured Notes is being amortized over the term of the Senior Secured Notes so as to result in an effective interest rate of 11% per annum.

6. 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"). Initial borrowings of $7,000,000 under the 1999 Credit Facility financed the acquisition of certain cable television systems in North Carolina. On February 19, 1999, the Company borrowed the remaining $5,000,000 available under the 1999 Credit Facility. Interest on the 1999 Credit Facility is payable at 11.5% per annum. On July 30, 1999, the amounts outstanding were repaid and the 1999 Credit Facility was terminated in connection with the Helicon/Charter Deal.

7. REDEEMABLE PARTNERSHIP INTERESTS

In April 1996, the Partnership sold to unrelated investors, $34,000,000 aggregate principal amount of 12% Subordinated Notes (the "Subordinated Notes") and warrants (the "Warrants") to purchase 2,419.1 units of Class B Limited Partnership Interests (the "Units").

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 the past, the Partnership has elected to satisfy interest due through the issuance of additional Subordinated Notes. The Partnership issued $2,706,044 of additional Subordinated Notes to pay interest due in April 1999.

Holders of the Warrants had the right to acquire the Units at any time for a price of $1,500 per Unit. The Partnership estimated the Net Equity Value of the Warrants to be approximately $43,250,000 at December 31, 1998. The Net Equity Value, pursuant to the terms of the agreement, is the estimated amount of cash that would be available for distribution to the Partnership interests upon a sale of all the assets of the Partnership and its subsequent dissolution and liquidation. Such estimate as of December 31, 1998 reflects the amount that the holders of the Warrants have agreed to accept for their interests assuming a proposed sale of all of the interests of the Partnership is consummated. The increase in the 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 through September 2001. Such accretion is being reflected in the accompanying financial statements as an increase in the carrying value of the Warrants and the corresponding reduction in the carrying value of the capital accounts of the General and Class A Limited Partners.

Immediately prior to the closing of the Helicon/Charter Deal. Baum contributed $3,628, 250 to exercise the Warrants and received 2,419.1 Units. This transaction triggered the acceleration of the accretion of the Units to their estimated Net Equity Value. Upon the close of the Charter/ Helicon Deal, the holders received $43,250,000 in exchange for the Units.

8. COMMITMENTS AND CONTINGENCIES

Leases

The Company leases telephone and utility poles on an annual basis. The leases are self-renewing. Pole rental expenses for the seven months ended July 30, 1999 was $687.

The Company utilizes certain office space under operating lease agreements, which expire at various dates through August 2013 and contain renewal options. Office rent expense was $192 for the seven months ended July 30, 1999.

Litigation

The Company is a 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 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, deregulated rates on the cable programming service tier (CPST). The FCC has taken the position that it will still adjudicate pending CPST complaints but will strictly limit its review, and possible refund orders, to the time period predating the sunset date, March 31, 1999. The Company does not believe any adjudications regarding their pre-sunset complaints will have a material adverse effect on the Company's financial position or results of operations.

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.

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

	PREFERRED LIMITED PARTNERS	GENERAL PARTNER (PARTNERS' DEFICIT)	CLASS A LIMITED PARTNERS (PARTNERS' DEFICIT)	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.

HELICON PARTNERS I, L.P. AND AFFILIATES

NOTES TO COMBINED FINANCIAL STATEMENTS -- (CONTINUED)

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

HELICON PARTNERS I, L.P. AND AFFILIATES

NOTES TO COMBINED FINANCIAL STATEMENTS -- (CONTINUED)

$535,875 and was allocated to the net assets acquired, which included, property, equipment and intangible assets, based on their estimated fair value.

Land	$ 250,000
Cable television system	4,258,000
Other property, plant and equipment	1,103,375
Subscriber lists	19,805,000
Organization and other costs	535,875
Other net operating items	111,034
Total aggregate purchase price	$26,063,284

Internet Acquisitions

On March 22, 1996, THGLP acquired the net assets of a telephone dial-up internet access provider ("ISP") serving approximately 350 (unaudited) customers in and around the area of Uniontown, Pennsylvania. The aggregate purchase price was approximately $40,000.

On April 1, 1997, the Partnership acquired the net assets of a telephone dial-up ISP serving approximately 2,500 (unaudited) customers in and around the area of Uniontown, Pennsylvania. The aggregate purchase price was $757,029.

On May 31, 1997, the Partnership acquired the net assets of a telephone dial-up ISP serving approximately 1,800 (unaudited) customers in and around the area of Uniontown, Pennsylvania. The aggregate purchase price was $213,629.

On November 14, 1997, HOL acquired the net assets of a telephone dial-up ISP serving approximately 1,744 (unaudited) customers in and around the area of Johnstown, Pennsylvania. The aggregate purchase price was $348,927.

On December 17, 1997, HOL acquired the net assets of a telephone dial-up ISP serving 1,571 (unaudited) customers in and around the area of Plainfield, Vermont. The aggregate purchase price was $497,307.

On December 17, 1997, HOL acquired the net assets of a telephone dial-up ISP serving approximately 2,110 (unaudited) customers in and around the area of Wells River, Vermont. The aggregate purchase price was $673,170.

The aggregate purchase price of the 1997 ISP acquisitions was $2,490,062 and was allocated to the net assets acquired, based on their estimated fair value. Such allocation is summarized as follows:

Internet service equipment	$ 237,064
Customer lists	1,409,768
Non-compete Agreement	883,097
Other intangible assets	35,000
Other net operating items	(74,867)
Total aggregate purchase price	$2,490,062

HELICON PARTNERS I, L.P. AND AFFILIATES

NOTES TO COMBINED FINANCIAL STATEMENTS -- (CONTINUED)

A portion of the purchase price was paid through the issuance of notes to the Sellers totaling $1,801,000. Such notes were reported net of imputed interest of $304,698 computed at 9% per annum (see Note 11).

The operating results relating to the above acquisitions, effective with their acquisition dates, are included in the accompanying combined financial statements.

4. PROPERTY, PLANT AND EQUIPMENT, NET

Property, plant and equipment, net is summarized as follows at December 31:

	1997	1998	ESTIMATED USEFUL LIFE IN YEARS
Land	$ 121,689	$ 320,689	--
Cable television system	124,684,403	140,441,324	5 to 20
Internet service equipment	1,281,362	2,483,602	2 to 3
Office furniture and fixtures	677,672	728,253	5 and 10
Vehicles	3,536,358	4,570,990	3 and 5
Building	805,525	1,585,384	5 and 10
Building and leasehold Improvements	398,843	445,820	1 to 5
Computers	3,232,355	4,159,506	3 to 5
	134,738,207	154,735,568	
Less accumulated depreciation	(54,633,830)	(67,997,988)	
	$ 80,104,377	$ 86,737,580	

5. INTANGIBLE ASSETS AND DEFERRED COSTS

Intangible assets and deferred costs are summarized as follows at December 31:

	1997	1998	ESTIMATED USEFUL LIFE IN YEARS
Covenants not-to-compete	$ 14,270,120	$ 14,270,120	5
Franchise agreements	19,650,889	19,650,889	9 to 17
Goodwill	1,703,760	1,703,760	20
Subscriber lists	82,292,573	102,097,574	6 to 10
Financing costs	9,414,809	9,291,640	8 to 10
Organization and other costs	3,631,650	4,306,777	5 to 10
	130,963,801	151,320,760	
Less accumulated amortization	(45,897,136)	(56,443,913)	
	$ 85,066,665	$ 94,876,847	

6. TRANSACTIONS WITH AFFILIATES

Amounts due from/to affiliates result from management fees, expense allocations and temporary non-interest bearing loans. The affiliates are related to the Company through common-ownership.

The Partnership is managed by Helicon Corp., an affiliated management company. During 1996, 1997 and 1998, the Partnership was charged management fees of $2,103,077, $2,997,872, and $3,496,271, respectively. In 1997 and 1998, $2,685,172 and $3,231,362 of the management fees were paid and $312,700 and $172,476 were deferred, in accordance with the terms of the Partnership's credit agreements, respectively. Management fees are calculated based on the gross revenues of the systems. Additionally, during 1996, 1997 and 1998, THGLP was also charged $980,000, $713,906, and $1,315,315, respectively, for certain costs incurred by this related party on their behalf.

In May 1997, immediately after the formation of HOL, HPI sold 10% of its limited partner interest in HOL to certain employees of Helicon Corp. Such interests were sold at HPI's proportionate carrying value of HOL of $83,631 in exchange for notes receivable from these individuals. These notes are due upon the liquidation of HOL or the sale of all or substantially all of its assets.

On June 26, 1998, the notes were cancelled in consideration of the return by the Helicon employees of their 10% limited partnership interests.

7. DUE TO PRINCIPAL OWNER

Mr. Theodore Baum, directly or indirectly, is the principal owner of 96.17% of the general and limited partnership interests of the Partnership (the "Principal Owner"). Due to Principal Owner consists of $5,000,000 at December 31, 1997 and 1998 payable by THGLP. Beginning on November 3, 1993, interest on the $5,000,000 due to the Principal Owner did not accrue and in accordance with the provisions of the Senior Secured Notes was not paid for twenty four months. Interest resumed on November 3, 1995 (see Note 8). The principal may only be repaid thereafter subject to the passage of certain limiting tests under the covenants of the Senior Secured Notes. Prior to the issuance of the Senior Secured Notes, amounts due to Principal Owner bore interest at varying rates per annum based on the prime rate and were due on demand. Interest expense includes $521,701 in 1996 and $530,082 in 1997 and $524,880 in 1998 related to this debt.

8. SENIOR SECURED NOTES

On November 3, 1993, THGLP and HCC (the "Issuers"), through a private placement offering, issued $115,000,000 aggregate principal amount of 11% Senior Secured Notes due 2003 (the "Senior Secured Notes"), secured by substantially all the assets of THGLP. The Senior Secured Notes were issued at a substantial discount from their principal amount and generated net proceeds to the Issuers of approximately $105,699,000. Interest is payable on a semi-annual basis in arrears on November 1 and May 1, beginning on May 1, 1994. Until November 1, 1996 the Senior Secured Notes bore interest at the rate of 9% per annum. After November 1, 1996, the Senior Secured Notes bear interest at the rate of 11% per annum. The discount on the Senior Secured Notes has been amortized over the term of the Senior Secured Notes so as to result in an effective interest rate of 11% per annum.

The Senior Secured Notes may be redeemed at the option of the Issuers in whole or in part at any time on or after November 1, 1997 at the redemption price of 108% reducing ratably to 100% of the principal amount, in each case together with accrued interest to the redemption date. The Issuers are required to redeem $25,000,000 principal amount of the Senior Secured Notes on each of November 1, 2001 and November 1, 2002. The indenture under which the Senior Secured Notes were issued contains various restrictive covenants, the more significant of which are, limitations on distributions to partners, the incurrence or guarantee of indebtedness, the payment of management fees, other transactions with officers, directors and affiliates, and the issuance of certain types of equity interests or distributions relating thereto.

9. LOANS PAYABLE TO BANKS

On July 12, 1996, HPIAC entered into $85,000,000 of senior secured credit facilities ("Facilities") with a group of banks and The First National Bank of Chicago, as agent. The Facilities were comprised of a $55,000,000 senior secured two and one-half year revolving credit facility, converting on December 31, 1998 to a five and one-half year amortizing term loan due June 30, 2004 ("Facility A"); and, a $30,000,000 senior secured, amortizing, multiple draw nine year term loan facility due June 30, 2005 ("Facility B"). The Facilities financed certain permitted acquisitions, transaction expenses and general corporate purposes. Interest on outstanding borrowings was payable at specified margins over either LIBOR or the higher of the corporate base rate of The First National Bank of Chicago or the rates on overnight Federal funds transactions with members of the Federal Reserve System. The margins varied based on the Company's total leverage ratio, as defined, at the time of an advance. As of December 31, 1997, the amounts outstanding were $30,000,000 under Facility B and $35,500,000 outstanding under Facility A. Interest was payable at LIBOR plus 3.50% for Facility B and LIBOR plus 3.00% for Facility A. In addition, HPIAC paid a commitment fee of .5% of the unused balance of the Facilities.

On December 15, 1998, the Facilities were repaid in full together with accrued interest thereon from the proceeds of the new credit agreements (see below).

In connection with the early retirement of the aforementioned bank debt, HPIAC wrote off related unamortized deferred financing costs totaling $1,657,320. Such amount has been classified as an extraordinary item in the accompanying 1998 combined statement of operations.

In connection with the aforementioned Facilities, HPIAC entered into an interest rate cap agreement to reduce its exposure to interest rate risk. Interest rate cap transactions generally involve the exchange of fixed and floating rate interest payment obligations and provide for a ceiling on interest to be paid, respectively, without the exchange of the underlying notional principal amount. These types of transactions involve risk of counterpart nonperformance under the terms of the contract. At December 31, 1997, HPIAC had cap agreements with aggregate notional amounts of $42,500,000 expiring through March 29, 2000. On December 15, 1998, in connection with the early retirement of the related bank debt, the cap agreements were terminated and HPIAC wrote off the unamortized costs of these cap agreements.

On December 15, 1998, HPIAC entered into credit agreements with a group of banks and Paribas, as agent, providing maximum borrowings of $110,000,000 (the 1998 Credit Facilities). The agreements include (i) a senior secured Credit Agreement consisting of a $35,000,000 A Term Loan, maturing on December 31, 2005, $45,000,000 B Term Loan, maturing on December 31, 2006 and a $10,000,000 Revolving Commitment, maturing on December 31, 2005 and (ii) a Loan Agreement consisting of a $20,000,000 Hybrid Facility, maturing on December 31, 2007.

As of December 31, 1998, the A Term Loan, B Term Loan and Hybrid Facility were fully drawn down and there was nothing outstanding under the Revolving Commitment. The principal cash payments required under the Company's credit agreements for the fiscal years ended December 31, 1999, 2000, 2001, 2002 and 2003 are estimated to aggregate $0, $812,500, $3,950,000, $5,700,000 and $7,450,000, respectively.

Interest is payable at LIBOR plus an applicable margin, which is based on a ratio of loans outstanding to annualized EBITDAM, as defined in the agreement and can not exceed 3.00% for A Term Loan and Revolving Commitments, 3.25% for B Term Loan and 4.50% for the Hybrid Facility. In addition, the Company pays a commitment fee of .50% of the unused balance of the Revolving Commitment.

The 1998 Credit Facilities are secured by a first perfected security interest in all of the assets of HPIAC and a pledge of all equity interests of HPIAC. The credit agreement contains various restrictive covenants that include the achievement of certain financial ratios relating to interest, fixed charges, leverage, limitations on capital expenditures, incurrence or guarantee of indebtedness, other transactions with affiliates and distributions to members. In addition, management fees in the aggregate cannot exceed 5% of gross revenues of HPIAC.

On June 26, 1997, THGLP entered into a $20,000,000 senior secured credit facility with Banque Paribas, as Agent (the 1997 Credit Facility). On January 5, 1999, the 1997 Credit Facility was restated and amended. The facility is non-amortizing and is due November 1, 2000. Borrowings under the facility financed the acquisition of certain cable television assets in North Carolina (see note 3). Interest on the $20,000,000 outstanding is payable at specified margins over either LIBOR or the rate of interest publicly announced in New York City by The Chase Manhattan Bank from time to time as its prime commercial lending rate. The margins vary based on the THGLP's total leverage ratio, as defined, at the time of an advance. Currently interest is payable at LIBOR plus 2.75%.

The 1997 Credit Facility is secured by a first perfected security interest in all of the assets of the Partnership and a pledge of all equity interests of the THGLP. The credit agreement contains various restrictive covenants that include the achievement of certain financial ratios relating to interest, fixed charges, leverage, limitations on capital expenditures, incurrence or guarantee of indebtedness, transactions with affiliates, distributions to members and management fees which accrue at 5% of gross revenues.

Also included in loans payable to banks is a mortgage note of $266,922 payable to a bank that is secured by THGLP's office building in Vermont. The interest is payable at Prime plus 1% and the mortgage note is due March 1, 2012.

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.

HELICON PARTNERS I, L.P. AND AFFILIATES

NOTES TO COMBINED FINANCIAL STATEMENTS -- (CONTINUED)

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

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

HELICON PARTNERS I, L.P. AND AFFILIATES

NOTES TO COMBINED FINANCIAL STATEMENTS -- (CONTINUED)

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.

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
Rifkin Cable Income Partners L.P.

In our opinion, the accompanying balance sheet and the related statements of operations, of equity and of cash flows present fairly, in all material respects, the financial position of Rifkin Cable Income Partners L.P. (the "Partnership") at September 13, 1999, and the results of its operations and its cash flows for the period January 1, 1999 to September 13, 1999, in conformity with accounting principles generally accepted in the United States. 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 auditing standards generally accepted in the United States, 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.

On September 13, 1999, all of the Partnership's interest were sold to Charter Communications, LLC. These financial statements represent the Partnership just prior to that transaction and do not reflect any adjustments related thereto.

/s/ PRICEWATERHOUSECOOPERS LLP

Denver, Colorado
February 15, 2000

RIFKIN CABLE INCOME PARTNERS, L.P.

BALANCE SHEET

	SEPTEMBER 13, 1999
ASSETS	
Cash	$ 145,036
Customer accounts receivable, net of allowance for doubtful accounts of $2,349	109,874
Accounts receivable, related party	7,328
Accounts receivable, interpartnership	13,638,312
Other receivables	96,318
Prepaid expenses and deposits	20,920
Property, plant and equipment, at cost:	
Transmission and distribution systems and related equipment	11,038,202
Vehicles, office furniture and fixtures	426,977
Land, buildings and leasehold improvements	125,000
Construction in process and spare parts inventory	66,122
	11,656,301
Less accumulated depreciation	(831,684)
Property, plant and equipment, net	10,824,617
Franchise costs, net of accumulated amortization of $792,708	12,706,195
Total assets	$37,548,600
LIABILITIES AND EQUITY	
Liabilities:	
Accrued liabilities	$ 161,084
Customer deposits and prepayments	321,419
Interpartnership debt	15,621,000
Total liabilities	16,103,503
Commitments and contingencies (Notes 4 and 7)	
Divisional equity	21,445,097
Total equity	21,445,097
Total liabilities and equity	$37,548,600

The accompanying notes are an integral part of these financial statements.

RIFKIN CABLE INCOME PARTNERS, L.P.

STATEMENT OF OPERATIONS

	PERIOD JANUARY 1, 1999 TO SEPTEMBER 13, 1999
REVENUE	
Service	$3,533,718
Installation and other	273,757
Total revenue	3,807,475
COSTS AND EXPENSES	
Operating expense	455,528
Programming expense	862,317
Selling, general and administrative expense	472,088
Depreciation	836,050
Amortization	792,708
Management fees	190,374
Loss on disposal of assets	52,885
Total costs and expenses	3,661,950
Operating income	145,525
Interest expense	536,877
Net loss	$ (391,352)

The accompanying notes are an integral part of these financial statements.

RIFKIN CABLE INCOME PARTNERS, L.P.

STATEMENT OF EQUITY

	PERIOD JANUARY 1, 1999 TO SEPTEMBER 13, 1999	
	DIVISIONAL EQUITY	TOTAL
Equity contribution	$21,836,449	$21,836,449
Net loss	(391,352)	(391,352)
Equity, September 13, 1999	$21,445,097	$21,445,097

The accompanying notes are an integral part of these financial statements.

RIFKIN CABLE INCOME PARTNERS, L.P.

STATEMENT OF CASH FLOWS

	PERIOD JANUARY 1, 1999 TO SEPTEMBER 13, 1999
CASH FLOWS FROM OPERATING ACTIVITIES	
Net loss	$ (391,352)
Adjustments to reconcile net loss to net cash provided by operating activities:	
Depreciation and amortization	1,628,758
Loss on disposal of fixed assets	52,885
Increase in customer accounts receivable	(58,351)
Increase in accounts receivable, related party	(7,328)
Increase in accounts receivable, interpartnership	(13,638,312)
Decrease in other receivables	36,960
Decrease in prepaid expenses and deposits	49,755
Decrease in accrued liabilities	(235,521)
Increase in customer deposits and prepayments	195,207
Net cash used in operating activities	(12,367,299)
CASH FLOWS FROM INVESTING ACTIVITIES	
Initial cash acquisition cost, net of cash acquired	(21,771,547)
Additions to property, plant and equipment	(289,533)
Additions to franchise costs	(20,108)
Net proceeds from sale of assets	1,500
Net cash used in investing activities	(22,079,688)
CASH FLOWS FROM FINANCING ACTIVITIES	
Capital contributions	21,836,449
Proceeds from interpartnership debt	13,119,981
Payments on interpartnership debt	(364,407)
Net cash provided by financing activities	34,592,023
Increase in cash	145,036
Cash, beginning of period	--
Cash, end of period	$ 145,036
SUPPLEMENTAL CASH FLOW INFORMATION	
Interest paid	$ 536,877

The accompanying notes are an integral part of these 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 originally 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.

ACQUISITION BY INTERLINK COMMUNICATIONS PARTNERS, LLLP AND BASIS OF PRESENTATION

Effective December 31, 1998, Interlink Communications Partners, LLLP ("ICP") acquired all of the Partnership's limited partner interest, and agreed to purchase all of the Partnership's interest for $21.7 million. This transaction was accounted for as a purchase; as such, assets and liabilities were written up to their fair value, resulting in an increase to property, plant and equipment and franchise costs of $6.4 million and $11.7 million, respectively.

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 September 13, 1999, and the results of its operations and its cash flows for the period January 1, 1999 to September 13, 1999. Allocations from ICP include amounts for debt, interest expense and management expense. Both debt and interest expense were allocated pro rata based on the Partnership's percentage of subscribers to total ICP subscribers. Management expense was allocated in accordance with the management agreement (Note 2). In addition, receivables and payables to ICP are presented in the accompanying financial statements net as amounts due to/from interpartnership. 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 interest to Charter Communications Holdings, LLC ("Charter"). On April 26, 1999, ICP signed a definitive Purchase and Sales Agreement with Charter for the sale of the individual partner's interest. The sales transaction closed on September 13, 1999. These financial statements represent the Partnership just prior to the transaction and do not reflect any related adjustments.

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 were 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:

Transmission and distribution systems and related equipment	1-15 years
Vehicles, office furniture and fixtures	1-5 years
Land, buildings and leasehold improvements	1-30 years

RIFKIN CABLE INCOME PARTNERS, L.P.

NOTES TO FINANCIAL STATEMENTS -- (CONTINUED)

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 1 to 18 years. The carrying value 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 September 13, 1999.

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.

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 period shown.

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.

2. MANAGEMENT AGREEMENT

The Partnership has a management agreement with R & A Management, LLC ("RML"). The management agreement provides that RML 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. The result of this transaction included the conveyance of the Rifkin management agreement ("Rifkin Agreement") to RML ("RML Agreement"). Expenses incurred pursuant to this agreement and the RML Agreement are disclosed in total on the Statement of Operations.

3. DEBT

The Partnership has an interpartnership debt with ICP. Borrowings, including both principal and interest, at September 13, 1999 were $15,621,000 and had an effective interest rate of 8.68%.

ICP has a term loan and revolving loan agreement with a bank. The amount of the term loan is $150,000,000, and requires varying quarterly payments plus interest commencing September 30, 2001 and continuing through March 31, 2007. On February 1, 1999, the term loan agreement was amended to increase the loan amount to $250,000,000. On July 16, 1999, the

RIFKIN CABLE INCOME PARTNERS, L.P.

NOTES TO FINANCIAL STATEMENTS -- (CONTINUED)

term loan agreement was amended again to increase the loan amount to $290,000,000. The interest rate on the term loan is generally the bank's prime rate plus 0% to 1.50%. The weighted average effective rate at September 13, 1999 was 8.74%.

The revolving loan agreement provided for borrowing up to $100,000,000 at the Company's discretion. At September 13, 1999, $91,000,000 had been drawn against the $100,000,000 commitment. The revolving credit agreement expires on March 31, 2007. The revolver bears an interest rate at the bank's prime rate plus 0% to 1.50% or LIBOR plus 1.25% to 2.75%. The specific rate is dependent upon the leverage ratio of ICP, which is recalculated quarterly. The weighted average effective interest rate at September 13, 1999 was 8.5%.

The term loan and revolving loan agreement are collateralized by substantially all assets of ICP and its consolidated entities, including the Partnership.

4. LEASE COMMITMENTS

The Partnership leases certain real and personal property under noncancelable operating leases. Future minimum lease payments under these arrangements at September 13, 1999, were as follows:

1999	$ 60,870
2000	30,825
2001	30,000
2002	8,750
	$130,445

Total rent expense for the period January 1, 1999 to September 13, 1999 was $60,870, including $38,239 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 1999 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 period January 1, 1999 to September 13, 1999 were $3,850.

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, 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.

The interest rate on debt is adjusted at least quarterly; therefore, the carrying value of debt approximates its fair value.

RIFKIN CABLE INCOME PARTNERS, L.P.

NOTES TO FINANCIAL STATEMENTS -- (CONTINUED)

7. 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 Cable Income Partners L.P.

In our opinion, the accompanying balance sheet and the related statements of operations, of partners' equity (deficit) and of cash flows present fairly, in all material respects, the financial position of Rifkin Cable Income Partners L.P. (the "Partnership") at December 31, 1997 and 1998, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 1998, in conformity with generally accepted accounting principles. These financial statements are the responsibility of the Partnership's management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with generally accepted auditing standards which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for the opinion expressed above.

/s/ PRICEWATERHOUSECOOPERS LLP

Denver, Colorado
March 19, 1999

RIFKIN CABLE INCOME PARTNERS L. P.

BALANCE SHEET

	12/31/97	12/31/98
ASSETS		
Cash and cash equivalents	$ 381,378	$ 65,699
Customer accounts receivable, net of allowance for doubtful accounts of $12,455 in 1997 and $18,278 in 1998	49,585	51,523
Other receivables	123,828	133,278
Prepaid expenses and deposits	81,114	70,675
Property, plant and equipment, at cost:		
Cable television transmission and distribution systems and related equipment	8,536,060	8,758,525
Land, buildings, vehicles and furniture and fixtures	618,671	623,281
	9,154,731	9,381,806
Less accumulated depreciation	(3,847,679)	(4,354,685)
Net property, plant and equipment	5,307,052	5,027,121
Franchise costs and other intangible assets, net of accumulated amortization of $1,819,324 in 1997 and $2,033,405 in 1998	2,005,342	1,772,345
Total assets	$ 7,948,299	$ 7,120,641
LIABILITIES AND PARTNERS' EQUITY		
Accounts payable and accrued liabilities	$ 365,392	$ 396,605
Customer deposits and prepayments	177,307	126,212
Interest payable	58,093	--
Long-term debt	4,914,000	--
Interpartnership debt	--	2,865,426
Total liabilities	5,514,792	3,388,243
Commitments and contingencies (Notes 4 and 8)		
Partners' equity:		
General partner	263,171	822,837
Limited partners	2,170,336	2,909,561
Total partner's equity	2,433,507	3,732,398
Total liabilities and partners' equity	$ 7,948,299	$ 7,120,641

The accompanying notes are an integral part of the financial statements.

RIFKIN CABLE INCOME PARTNERS L.P.

STATEMENT OF OPERATIONS

	YEARS ENDED		
	12/31/96	12/31/97	12/31/98
REVENUE:			
Service	$4,104,841	$4,491,983	$4,790,052
Installation and other	206,044	239,402	345,484
Total revenue	4,310,885	4,731,385	5,135,536
COSTS AND EXPENSES:			
Operating expense	643,950	691,700	671,968
Programming expense	787,124	879,939	1,077,540
Selling, general and administrative expense	683,571	663,903	622,774
Depreciation	535,559	602,863	628,515
Amortization	377,749	332,770	199,854
Management fees	215,544	236,569	256,777
Loss (gain) on disposal of assets	1,530	2,980	(2,138)
Total costs and expenses	3,245,027	3,410,724	3,455,290
Operating income	1,065,858	1,320,661	1,680,246
Interest expense	533,294	448,530	362,439
Net income before extraordinary item	532,564	872,131	1,317,807
Extraordinary item -- Loss on early retirement of debt (Note 1)	--	--	18,916
Net income	$ 532,564	$ 872,131	$1,298,891

The accompanying notes are an integral part of the financial statements.

RIFKIN CABLE INCOME PARTNERS L.P.

STATEMENT OF PARTNERS' EQUITY (DEFICIT)

	GENERAL PARTNER	LIMITED PARTNERS	TOTAL
Partners' equity (deficit), December 31, 1995...	$(299,131)	$1,427,630	$1,128,499
Net income.....................................	229,471	303,093	532,564
Equity distribution............................	(42,953)	(56,734)	(99,687)
Partners' equity (deficit), December 31, 1996...	(112,613)	1,673,989	1,561,376
Net income.....................................	375,784	496,347	872,131
Partners' equity, December 31, 1997.............	263,171	2,170,336	2,433,507
Net income.....................................	559,666	739,225	1,298,891
Partners' equity December 31, 1998..............	$ 822,837	$2,909,561	$3,732,398

The partners' capital accounts for financial reporting purposes vary from the tax capital accounts.

The accompanying notes are an integral part of the financial statements.

RIFKIN CABLE INCOME PARTNERS L.P.

STATEMENT OF CASH FLOWS

	YEARS ENDED 12/31/96	12/31/97	12/31/98
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income	$ 532,564	$ 872,131	$ 1,298,891
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	913,308	935,633	828,369
Amortization of deferred loan cost	18,970	18,970	14,228
Loss on early retirement of debt	--	--	18,916
Loss (gain) on disposal of fixed assets	1,530	2,980	(2,138)
Decrease (increase) in customer accounts receivables	521	(5,729)	(1,938)
Increase in other receivables	(45,274)	(56,059)	(9,450)
Decrease in prepaid expense and other	40,737	13,230	10,439
Increase (decrease) in accounts payable and accrued liabilities	(207,035)	61,625	31,213
Increase (decrease) in customer deposits and prepayment	673	(63,524)	(51,095)
Increase (decrease) in interest payable	35,638	(3,145)	(58,093)
Net cash provided by operating activities	1,291,632	1,776,112	2,079,342
CASH FLOWS FROM INVESTING ACTIVITIES:			
Additions to property, plant and equipment	(824,359)	(679,394)	(415,534)
Additions to other intangible assets, net of refranchises	--	(112)	--
Net proceeds from the sale of assets	18,255	57,113	69,087
Sales tax related to Florida assets sold in 1994	(14,694)	--	--
Net cash used in investing activities	(820,798)	(622,393)	(346,447)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from interpartnership debt	--	--	4,265,426
Payments of long-term debt	(715,000)	(871,000)	(4,914,000)
Payments of interpartnership debt	--	--	(1,400,000)
Partners' capital distributions	(99,687)	--	--
Net cash used in financing activities	(814,687)	(871,000)	(2,048,574)
Net increase (decrease) in cash and cash equivalents	(343,853)	282,719	(315,679)
Cash and cash equivalents at beginning of period	442,512	98,659	381,378
Cash and cash equivalents at end of period	$ 98,659	$ 381,378	$ 65,699
SUPPLEMENTAL CASH FLOW INFORMATION:			
Interest paid	$ 455,124	$ 431,722	$ 406,304

The accompanying notes are an integral part of the financial statements.

RIFKIN CABLE INCOME PARTNERS L.P.

NOTES TO FINANCIAL STATEMENTS

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

ORGANIZATION

Rifkin Cable Income Partners L.P. (the "Partnership") was formed in 1986 as a limited partnership under the laws of the State of Delaware. The Partnership owns, operates and develops cable television systems in Missouri and New Mexico. Rifkin Cable Management Partners L.P., an affiliate of Rifkin & Associates, Inc. (Note 3), is the general partner of the Partnership.

The Partnership Agreement (the "Agreement") establishes the respective rights, obligations and interests of the partners. The Agreement provides that net income or loss, certain capital events, and cash distributions (all as defined in the Agreement) are generally allocated 43% to the general partner and 57% to the limited partners.

ACQUISITION BY INTERLINK COMMUNICATIONS PARTNERS, LLLP

During 1998, Interlink Communications Partners, LLLP ("ICP") agreed to purchase all of the interests of the Partnership. ICP acquired the limited partner interests, effective December 31, 1998, and is currently in the process of obtaining the necessary consents to transfer all of the Partnership's franchises to ICP. Once obtained, ICP will then purchase the general partner interest in the Partnership, and the Partnership will, by operation of law, be consolidated into ICP.

REVENUE RECOGNITION

Customer fees are recorded as revenue in the period the service is provided. The cost to acquire the rights to the programming generally is recorded when the product is initially available to be viewed by the customer.

ADVERTISING AND PROMOTION EXPENSES

Advertising and promotion expenses are charged to income during the year in which they are incurred and were not significant for the periods shown.

PROPERTY, PLANT AND EQUIPMENT

Additions to property, plant and equipment are recorded at cost, which in the case of assets constructed includes amounts for material, labor, overhead and capitalized interest, if applicable. Upon sale or retirement of an asset, the related costs and accumulated depreciation are removed from the accounts and any gain or loss is recognized.

Depreciation expense is calculated using the straight-line method over the estimated useful lives of the assets as follows:

Buildings	21-30 years
Cable television transmission and distribution systems and related equipment	3-15 years
Vehicles and furniture and fixtures	3-5 years

FRANCHISE COSTS

Franchise costs are amortized using the straight-line method over the remaining lives of the franchises as of the date they were acquired, ranging from eight to twenty-five years. The 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.

Debt: The carrying value amount approximates the fair value because the Partnership's interpartnership debt was obtained on December 30, 1998.

RIFKIN CABLE INCOME PARTNERS L.P.

NOTES TO FINANCIAL STATEMENTS -- (CONTINUED)

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 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 September 13, 1999, and the results of their operations and their cash flows for the period from January 1, 1999 through September 13, 1999, in conformity with accounting principles generally accepted in the United States. 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 of these statements in accordance with auditing standards generally accepted in the United States, 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.

As discussed in Note 1 to the financial statements, the Partnership has changed its method of accounting for start up costs in fiscal 1999.

On September 13, 1999, all of the Partnership's interest were sold to Charter Communications, LLC. These financial statements represent the Partnership just prior to that transaction and do not reflect any adjustments related thereto.

/s/ PRICEWATERHOUSECOOPERS LLP

Denver, Colorado
February 15, 2000

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

CONSOLIDATED BALANCE SHEET

	SEPTEMBER 13, 1999
ASSETS	
Cash	$ 4,475,108
Customer accounts receivable, net of allowance for doubtful accounts of $292,183	1,258,522
Other receivables	3,384,472
Prepaid expenses and other	1,616,219
Property, plant and equipment, at cost:	
Cable television transmission and distribution system and related equipment	171,842,780
Land, buildings, vehicles and furniture and fixtures	8,946,860
	180,789,640
Less accumulated depreciation	(45,505,661)
Net property, plant and equipment	135,283,979
Franchise costs and other intangible assets, net of accumulated amortization of $80,047,118	164,685,102
Total assets	$310,703,402
LIABILITIES AND PARTNERS' CAPITAL	
Liabilities:	
Accounts payable and accrued liabilities	$ 21,110,015
Customer deposits and prepayments	1,514,732
Payables to affiliates	303,047
Interest payable	3,234,019
Deferred tax liability, net	5,967,000
Notes payable	236,075,000
Total liabilities	268,203,813
Commitments and contingencies (Notes 5 and 9)	
Redeemable partners' interests	16,128,800
Partners' capital (deficit):	
General partner	(2,951,394)
Limited partners	29,029,520
Preferred equity interest	292,663
Total partners' capital	26,370,789
Total liabilities and partners' capital	$310,703,402

The accompanying notes are an integral part of these consolidated financial statements.

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

CONSOLIDATED STATEMENT OF OPERATIONS

	PERIOD FROM JANUARY 1, 1999 THROUGH SEPTEMBER 13, 1999
REVENUE	
Service	$ 62,252,012
Installation and other	6,577,154
Total revenue	68,829,166
COSTS AND EXPENSES	
Operating expense	10,060,135
Programming expense	15,312,179
Selling, general and administrative expense	17,566,230
Depreciation	11,760,429
Amortization	17,681,246
Management fees	2,406,596
Loss on disposal of assets	996,459
Total costs and expenses	75,783,274
Operating loss	(6,954,108)
Interest expense	16,591,877
Loss before income taxes	(23,545,985)
Income tax benefit	(1,975,000)
Loss before cumulative effect of accounting change	(21,570,985)
Cumulative effect of accounting change for organizational costs	(111,607)
Net loss	$(21,682,592)

The accompanying notes are an integral part of these consolidated financial statements.

RIFKIN ACQUISITION PARTNERS, L.L.L.P
CONSOLIDATED STATEMENT OF PARTNERS' CAPITAL

	PREFERRED EQUITY INTEREST	GENERAL PARTNERS	LIMITED PARTNERS	TOTAL
Partners' capital (deficit), December 31, 1998	$ 422,758	$(1,991,018)	$ 55,570,041	$ 54,001,781
Accretion of redeemable partners' interest	--	(743,550)	(5,204,850)	(5,948,400)
Net loss	(130,095)	(216,826)	(21,335,671)	(21,682,592)
Partners' capital (deficit), September 13, 1999	$ 292,663	$(2,951,394)	$ 29,029,520	$ 26,370,789

The partners' capital accounts for financial reporting purposes vary from the tax capital accounts.

The accompanying notes are an integral part of these consolidated financial statements.

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

CONSOLIDATED STATEMENT OF CASH FLOWS

	PERIOD FROM JANUARY 1, 1999 THROUGH SEPTEMBER 13, 1999
CASH FLOWS FROM OPERATING ACTIVITIES	
Net loss	$(21,682,592)
Adjustments to reconcile net loss to net cash provided by operating activities:	
Depreciation and amortization	29,441,675
Amortization of deferred loan costs	684,095
Loss on disposal of fixed assets	996,459
Deferred tax benefit	(1,975,000)
Changes in accounting for organizational costs	111,607
Decrease in customer accounts receivables	673,618
Decrease in other receivables	2,253,299
Decrease in prepaid expenses and other	782,309
Increase in accounts payable and accrued liabilities	9,425,421
Decrease in customer deposits and prepayments	(162,168)
Decrease in interest payable	(4,008,935)
Increase in payable to affiliates	303,047
Net cash provided by operating activities	16,842,835
CASH FLOWS FROM INVESTING ACTIVITIES	
Additions to property, plant and equipment	(26,692,423)
Proceeds from purchase price adjustment for Tennessee trade	276,147
Net proceeds from the sale of other assets	223,657
Net cash used in investing activities	(26,192,619)
CASH FLOWS FROM FINANCING ACTIVITIES	
Proceeds from long-term bank debt	11,500,000
Net cash provided by financing activities	11,500,000
Net increase in cash	2,150,216
Cash, beginning of period	2,324,892
Cash, end of period	$ 4,475,108
SUPPLEMENTAL CASH FLOW INFORMATION	
Interest paid	$ 13,357,858

The accompanying notes are an integral part of these 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 R & A Management LLC (Note 4), 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.

ACQUISITION BY CHARTER COMMUNICATIONS, LLC

On February 12, 1999, the Company signed a letter of intent for the partners to sell all of their partnership interests to Charter Communications, LLC ("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 sales transaction closed on September 13, 1999. These statements represent the Company just prior to the transaction and do not reflect any adjustment related thereto.

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 ("CEC")
Cable Equities of Colorado, Ltd. Management Corp. ("CEM")	Cable Equities, Inc. ("CEI")
	Rifkin Acquisition Capital Corp. ("RACC")

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 period 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 period shown.

Depreciation expense is calculated using the straight-line method over the estimated useful lives of the assets as follows:

Buildings..	27-30years
Cable television transmission and distribution systems and related equipment..	3-15years
Vehicles and furniture and fixtures.........................	3-5years

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 September 13, 1999.

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 September 13, 1999 were $5,481,111.

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 R&A Management LLC 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

Effective January 1, 1999, the Company adopted, the Accounting Standards Executive Committee's Statement of Position 98-5 ("SOP 98-5") Reporting on the Costs of Start-Up

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

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 net book value of organization costs capitalized in prior years resulting in the recognition of a cumulative effect of accounting change of $111,607.

2. 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.

The following represents a reconciliation of pre-tax losses as reported in accordance with accounting principles generally accepted in the United States and the losses attributable to the partners and included in their individual income tax returns for the period from January 1, 1999 through September 13, 1999:

Pre-tax loss as reported, including cumulative effect of change in accounting principle	$ (23,657,592)
(Increase) decrease due to:	
Separately taxed book results of corporate subsidiaries	5,274,000
Effect of different depreciation and amortization methods for tax and book purposes	672,000
Other	(68,408)
Tax loss attributed to the partners	$ (17,780,000)

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 $1,975,000 was recognized for the period from January 1, 1999 through September 13, 1999, reducing the liability to $5,967,000.

Deferred tax asset (liability) was comprised of the following at September 13, 1999:

Deferred tax assets resulting from loss carryforwards	$ 13,006,000
Deferred tax liabilities resulting from depreciation and amortization	(18,973,000)
Net deferred tax liability	$ (5,967,000)

As of September 13, 1999, the Subsidiaries have net operating loss carryforwards ("NOLs") for income tax purposes of $34,589,000 substantially all of which are limited. The NOLs will expire at various times between the years 2000 and 2018. 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. As the result of the sale of the Partnership's interest to Charter, a change in control, as defined in Section 382 of the Internal Revenue Code, has occurred which may limit Charter's ability to utilize these NOLs.

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

The benefit for taxes differs from the amount which would be computed by applying the statutory federal income tax rate of 35% to the Company's pre-tax loss before cumulative effect of change in accounting principle as a result of the following for the period January 1, 1999 through September 13, 1999:

Tax benefit computed at statutory rate	$(8,241,095)
Increase (decrease) due to:	
Tax benefit for non-corporate loss	6,395,195
Permanent differences between financial statement income and taxable income	(36,200)
State income tax	(139,800)
Other	46,900
Income tax benefit	$(1,975,000)

3. NOTES PAYABLE

Debt consisted of the following at September 13, 1999:

Senior Subordinated Notes	$125,000,000
Tranche A Term Loan	21,575,000
Tranche B Term Loan	40,000,000
Reducing Revolving Loan	46,500,000
Senior Subordinated Debt	3,000,000
	$236,075,000

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. At September 13, 1999, all of the Notes were outstanding (see also Note 8).

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 what it defines as excess proceeds from the sale of a cable system to be used to retire Tranche A term debt. As a result of the Company selling its assets in the State of Michigan in a prior year, there was $3,425,000 in excess proceeds which were used to pay principal. 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 September 13, 1999 was 7.23%.

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.

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

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. The additional financing amount available at September 13, 1999 was $40,000,000. At September 13, 1999, the full $20,000,000 available had been borrowed, and $26,500,000 had been drawn against the $40,000,000 commitment. The amount available for borrowing will decrease annually during its term with changes over the three years following September 13, 1999 as follows: 1999 -- $2,500,000 reduction per quarter and 2000 through 2002 -- $3,625,000 reduction 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 September 13, 1999 was 8.92%. The reducing revolving loan includes a commitment fee of 1/2% per annum on the unborrowed balance.

Certain mandatory prepayments may also be required 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. 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 September 13, 1999, 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 September 13, 1999, the minimum aggregate maturities for the four years following 1999 are: $13,500,000 in 2000, $22,000,000 in 2001, $23,075,000 in 2002, $29,500,000 in 2003 and $20,000,000 in 2004.

Subsequent to September 13, 1999, $124.1 million of the $125 million in notes outstanding were purchased by Charter Communication and will be reflected as intercompany payable between Charter and RAP. The remaining $900,000 of outstanding notes were delisted and are no longer public.

4. RELATED PARTY TRANSACTIONS

The Company has a management agreement with R & A Management LLC ("RML"). The management agreement provides that RML shall manage the Company's CATV systems and shall be entitled to annual compensation of 3.5% of the Company's revenue. Expenses incurred pursuant to this agreement are disclosed in total in the Consolidated Statement of Operations.

Certain Partnership expenses were paid by Charter and are reflected as Payables to affiliates in the accompanying financial statements.

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

5. 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 September 13, 1999 are:

2000	$ 339,320
2001	269,326
2002	252,042
2003	192,027
2004 and thereafter	393,479
	$1,446,194

Total rental expense and the amount included therein which pertains to cancelable pole rental agreements were as follows for the period indicated:

PERIOD	TOTAL RENTAL EXPENSE	CANCELABLE POLE RENTAL
For the period January 1, 1999 through September 13, 1999	$1,105,840	$767,270

6. COMPENSATION PLANS AND RETIREMENT PLANS

EQUITY INCENTIVE PLAN

The Company maintains an Equity Incentive Plan (the "Plan") in which certain Rifkin 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 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.

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

The amount expensed for the period January 1, 1999 through September 13, 1999 relating to this plan was $7,440,964. The incentive accrual is recorded in accounts payable and accrued liabilities in the accompanying financial statements.

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 1999 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 contribution for the period from January 1, 1999 through September 13, 1999 was $61,178.

7. 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, 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 $247,637,500 and is carried on the balance sheet at $236,075,000.

8. SUMMARIZED FINANCIAL INFORMATION

CEM, CEI and CEC (collectively, the "Guarantors") are all wholly owned subsidiaries of the Company and, together with RACC, constitute all of the Partnership's direct and indirect subsidiaries. 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.

The following present summarized financial information of the Guarantors on a combined basis as of September 13, 1999 and for the period January 1, 1999 through September 13, 1999.

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

BALANCE SHEET

	SEPTEMBER 13, 1999
Cash	$ 569,544
Accounts and other receivables, net	2,907,837
Prepaid expenses	620,284
Property, plant and equipment, net	52,383,861
Franchise costs and other intangible assets, net	51,397,528
Accounts payable and accrued liabilities	30,186,658
Other liabilities	669,223
Deferred taxes payable	5,967,000
Notes payable	140,846,262
Equity (deficit)	(69,790,089)

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

STATEMENT OF OPERATIONS

	PERIOD FROM JANUARY 1, 1999 THROUGH SEPTEMBER 13, 1999
Total revenue	$24,183,281
Total costs and expenses	23,313,494
Interest expense	9,920,062
Income tax benefit	(1,975,000)
Net loss	$(7,075,275)

9. 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 ACCOUNTANTS

To the Partners of
Rifkin Acquisition Partners, L.L.L.P.

In our opinion, the accompanying consolidated balance sheet and the related consolidated statements of operations, partners' capital (deficit) and cash flows present fairly, in all material respects, the financial position of Rifkin Acquisition Partners, L.L.L.P. and its subsidiaries (the "Company") at December 31, 1998 and 1997, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 1998 in conformity with generally accepted accounting principles. These financial statements are the responsibility of the Company's management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with generally accepted auditing standards which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for the opinion expressed above.

/s/ PRICEWATERHOUSECOOPERS LLP

Denver, Colorado
March 19, 1999

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

CONSOLIDATED BALANCE SHEET

	12/31/98	12/31/97
ASSETS		
Cash and cash equivalents	$ 2,324,892	$ 1,902,555
Customer accounts receivable, net of allowance for doubtful accounts of $444,839 in 1998 and $425,843 in 1997	1,932,140	1,371,050
Other receivables	5,637,771	4,615,089
Prepaid expenses and other	2,398,528	1,753,257
Property, plant and equipment at cost:		
Cable television transmission and distribution systems and related equipment	149,376,914	131,806,310
Land, buildings, vehicles and furniture and fixtures	7,421,960	7,123,429
	156,798,874	138,929,739
Less accumulated depreciation	(35,226,773)	(26,591,458)
Net property, plant and equipment	121,572,101	112,338,281
Franchise costs and other intangible assets, net of accumulated amortization of $67,857,545 in 1998 and $53,449,637 in 1997	183,438,197	180,059,655
Total assets	$317,303,629	$302,039,887
LIABILITIES AND PARTNERS' CAPITAL		
Accounts payable and accrued liabilities	$ 11,684,594	$ 11,690,894
Customer deposits and prepayments	1,676,900	1,503,449
Interest payable	7,242,954	7,384,509
Deferred tax liability, net	7,942,000	12,138,000
Notes payable	224,575,000	229,500,000
Total liabilities	253,121,448	262,216,852
Commitments and contingencies (Notes 8 and 14)		
Redeemable partners' interests	10,180,400	7,387,360
Partners' capital (deficit):		
General partner	(1,991,018)	(1,885,480)
Limited partners	55,570,041	34,044,912
Preferred equity interest	422,758	276,243
Total partners' capital	54,001,781	32,435,675
Total liabilities and partners' capital	$317,303,629	$302,039,887

The accompanying notes are an integral part of the consolidated financial statements.

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

CONSOLIDATED STATEMENT OF OPERATIONS

	YEARS ENDED		
	12/31/98	12/31/97	12/31/96
REVENUE:			
Service	$ 82,498,638	$ 78,588,503	$ 66,433,321
Installation and other	7,422,675	5,736,412	4,852,124
Total revenue	89,921,313	84,324,915	71,285,445
COSTS AND EXPENSES:			
Operating expense	13,305,376	14,147,031	10,362,671
Programming expense	18,020,812	15,678,977	14,109,527
Selling, general and administrative expense	13,757,090	12,695,176	11,352,870
Depreciation	15,109,327	14,422,631	11,725,246
Amortization	22,104,249	24,208,169	23,572,457
Management fees	3,147,246	2,951,372	2,475,381
Loss on disposal of assets	3,436,739	7,834,968	1,357,180
Total costs and expenses	88,880,839	91,938,324	74,955,332
Operating income (loss)	1,040,474	(7,613,409)	(3,669,887)
Gain from the sale of assets (Note 4)	(42,863,060)	--	--
Interest expense	23,662,248	23,765,239	21,607,174
Income (loss) before income taxes	20,241,286	(31,378,648)	(25,277,061)
Income tax benefit	(4,177,925)	(5,335,000)	(3,645,719)
Net income (loss)	$ 24,419,211	$(26,043,648)	$(21,631,342)

The accompanying notes are an integral part of the consolidated financial statements.

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

CONSOLIDATED STATEMENT OF CASH FLOWS

	YEARS ENDED 12/31/98	12/31/97	12/31/96
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income (loss)	$ 24,419,211	$(26,043,648)	$(21,631,342)
Adjustments to reconcile net loss to net cash provided by operating activities:			
Depreciation and amortization	37,213,576	38,630,800	35,297,703
Amortization of deferred loan costs	989,760	989,760	970,753
Gain on sale of assets (Note 4)	(42,863,060)	--	--
Loss on disposal of fixed assets	3,436,739	7,834,968	1,357,180
Deferred tax benefit	(4,196,000)	(5,335,000)	(3,654,000)
Increase in customer accounts receivables	(300,823)	(186,976)	(117,278)
Increase in other receivables	(474,599)	(1,992,714)	(994,681)
(Increase) decrease in prepaid expenses and other	(684,643)	23,015	(494,252)
Increase in accounts payable and accrued liabilities	34,073	1,753,656	3,245,736
Increase (decrease) in customer deposits and prepayments	(86,648)	231,170	164,824
Increase (decrease) in interest payable	(141,555)	600,248	6,692,988
Net cash provided by operating activities	17,346,031	16,505,279	20,837,631
CASH FLOWS FROM INVESTING ACTIVITIES:			
Acquisition of cable systems, net (Note 3)	(2,212,958)	(19,359,755)	(71,797,038)
Additions to property, plant and equipment	(26,354,756)	(28,009,253)	(16,896,582)
Additions to cable television franchises, net of retirements	(151,695)	72,162	(1,182,311)
Net proceeds from the sale of cable systems (Note 4)	16,533,564	--	--
Net proceeds from the other sales of assets	247,216	306,890	197,523
Net cash used in investing activities	(11,938,629)	(46,989,956)	(89,678,408)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from isssuance of senior subordinated notes	--	--	125,000,000
Proceeds from long-term bank debt	22,500,000	38,000,000	18,000,000
Deferred loan costs	--	--	(6,090,011)
Payments of long-term bank debt	(27,425,000)	(7,000,000)	(82,000,000)
Partners' capital contributions	--	--	15,000,000
Equity distributions to partners	(60,065)	--	--
Net cash provided by (used in) financing activities	(4,985,065)	31,000,000	69,909,989
Net increase in cash	422,337	515,323	1,069,212
Cash and cash equivalents at beginning of period	1,902,555	1,387,232	318,020
Cash and cash equivalents at end of period	$ 2,324,892	$ 1,902,555	$ 1,387,232
SUPPLEMENTAL CASH FLOW INFORMATION:			
Interest paid	$ 22,737,443	$ 22,098,732	$ 13,866,995
Noncash investing activities:			
Proceeds from the sale of Michigan assets held in escrow	$ 500,000	$ --	$ --
Trade value related to the trade sale of Tennessee assets	$ 46,668,000	$ --	$ --
Trade value related to trade acquisition of Tennessee assets	$(46,668,000)	$ --	$ --

The accompanying notes are an integral part of the consolidated financial statements.

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

CONSOLIDATED STATEMENT OF PARTNERS' CAPITAL (DEFICIT)

	PREFERRED EQUITY INTEREST	GENERAL PARTNER	LIMITED PARTNERS	TOTAL
Partners' capital (deficit) at December 31, 1995	$ 562,293	$(1,085,311)	$ 69,421,043	$ 68,898,025
Partners' capital contributions	--	150,000	14,850,000	15,000,000
Accretion of redeemable partners' interest	--	(157,730)	(1,104,110)	(1,261,840)
Net loss	(129,788)	(216,313)	(21,285,241)	(21,631,342)
Partners' capital (deficit) at December 31, 1996	432,505	(1,309,354)	61,881,692	61,004,843
Accretion of redeemable partners' interest	--	(315,690)	(2,209,830)	(2,525,520)
Net loss	(156,262)	(260,436)	(25,626,950)	(26,043,648)
Partners' capital (deficit) at December 31, 1997	276,243	(1,885,480)	34,044,912	32,435,675
Accretion of redeemable partners' interest	--	(349,130)	(2,443,910)	(2,793,040)
Net income	146,515	244,192	24,028,504	24,419,211
Partners' equity distribution	--	(600)	(59,465)	(60,065)
Partners' capital (deficit) at December 31, 1998	$ 422,758	$(1,991,018)	$ 55,570,041	$ 54,001,781

The Partners' capital accounts for financial reporting purposes vary from the tax capital accounts.

The accompanying notes are an integral part of the consolidated financial statements.

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

GENERAL INFORMATION

Rifkin Acquisition Partners, L.L.L.P. ("the Partnership") was formed pursuant to the laws of the State of Colorado. The Partnership and its subsidiaries are hereinafter referred to on a consolidated basis as the "Company." The Company owns, operates, and develops cable television systems in Georgia, Tennessee, and Illinois. Rifkin Acquisition Management, L.P., an affiliate of Rifkin & Associates, Inc. (Note 7), is the general partner of the Partnership ("General Partner").

The Partnership operates under a limited liability limited partnership agreement (the "Partnership Agreement") which establishes contribution requirements, enumerates the rights and responsibilities of the partners and advisory committee, provides for allocations of income, losses and distributions, and defines certain items relating thereto. The Partnership Agreement provides that net income or loss, certain defined capital events, and cash distributions, all as defined in the Partnership Agreement, are generally allocated 99% to the limited partners and 1% to the general partner.

BASIS OF PRESENTATION

The consolidated financial statements include the accounts of the following entities:

- Rifkin Acquisition Partners, L.L.L.P.
- Cable Equities of Colorado Management Corp. (CEM)
- Cable Equities of Colorado, Ltd. (CEC)
- Cable Equities, Inc. (CEI)
- Rifkin Acquisition Capital Corp. (RACC)

The financial statements for 1997 and 1996 also included the following entities:

- Rifkin/Tennessee, Ltd. (RTL)
- FNI Management Corp. (FNI)

Effective January 1, 1998, both the RTL and FNI entities were dissolved and the assets were transferred to the Partnership.

All significant intercompany accounts and transactions have been eliminated.

REVENUE AND PROGRAMMING

Customer fees are recorded as revenue in the period the service is provided. The cost to acquire the rights to the programming generally is recorded when the product is initially available to be viewed by the customer.

ADVERTISING AND PROMOTION EXPENSES

Advertising and promotion expenses are charged to income during the year in which they are incurred and were not significant for the periods shown.

PROPERTY, PLANT AND EQUIPMENT

Additions to property, plant and equipment are recorded at cost, which in the case of assets constructed, includes amounts for material, labor, overhead and interest, if applicable. Upon sale or retirement of an asset, the related costs and accumulated depreciation are removed from the accounts and any gain or loss is recognized. Capitalized interest was not significant for the periods shown.

Depreciation expense is calculated using the straight-line method over the estimated useful lives of the assets as follows:

Buildings	27-30 years
Cable television transmission and distribution systems and related equipment	3-15 years
Vehicles and furniture and fixtures	3-5 years

Expenditures for maintenance and repairs are expensed as incurred.

FRANCHISE COSTS

Franchise costs are amortized using the straight-line method over the remaining lives of the franchises as of the date they were acquired, ranging from one to twenty years. The carrying value of franchise costs is assessed for recoverability by management based on an analysis of undiscounted future expected cash flows from the underlying operations of the Company. Management believes that there has been no impairment thereof as of December 31, 1998.

OTHER INTANGIBLE ASSETS

Certain loan costs have been deferred and are amortized to interest expense utilizing the straight-line method over the remaining term of the related debt. Use of the straight-line method approximates the results of the application of the interest method. The net amounts remaining at December 31, 1998 and 1997 were $6,176,690 and $7,166,450, respectively.

CASH AND CASH EQUIVALENTS

All highly liquid debt instruments purchased with an original maturity of three months or less are considered to be cash equivalents.

REDEEMABLE PARTNERS' INTERESTS

The Partnership Agreement provides that if a certain partner dies or becomes disabled, that partner (or his personal representative) shall have the option, exercisable by notice given to the partners at any time within 270 days after his death or disability (except that if that partner dies or becomes disabled prior to August 31, 2000, the option may not be exercised until August 31, 2000 and then by notice by that partner or his personal representative given to the partners within 270 days after August 31, 2000) to sell, and require the General Partner and certain trusts controlled by that partner to sell, and the Partnership to purchase, up to 50% of the partnership interests owned by any of such partners and certain current and former members of management of Rifkin & Associates, Inc. that requests to sell their interest, for a purchase price equal to the fair market value of those interests determined by appraisal in accordance with the Partnership Agreement. Accordingly, the current fair value of such partnership interests have been reclassified outside of partners' capital.

USE OF ESTIMATES

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of 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).

The combined purchase price was allocated based on estimated fair values from an independent appraisal to property, plant and equipment and franchise cost as follows (dollars in thousands):

	GEORGIA SYSTEMS	TENNESSEE TRADE	TOTAL
Fair value of assets relinquished (Note 4)	$ --	$46,668	$46,668
Cash paid	1,392	719	2,111
Acquisition Costs (appraisal, transfer fees and direct costs)	26	76	102
Total acquisition cost	$1,418	$47,463	$48,881
Allocation:			
Current assets	$ (2)	$ 447	$ 445
Current liabilities	(1)	(397)	(398)
Property, plant and equipment	333	11,811	12,144
Franchise Cost	1,088	35,602	36,690
Total cost allocated	$1,418	$47,463	$48,881

The fair value of assets relinquished from the Tennessee Trade was treated as a noncash transaction on the Consolidated Statement of Cash Flows. The cash acquisition costs were funded by proceeds from the Company's reducing revolving loan with a financial institution.

The following combined pro forma information presents a summary of consolidated results of operations for the Company as if the Tennessee Trade acquisitions had occurred at the beginning of 1997, with pro forma adjustments to show the effect on depreciation and amortization for the acquired assets, management fees on additional revenues and interest expense on additional debt (dollars in thousands):

	YEARS ENDED	
	12/31/98	12/31/97 (UNAUDITED)
Total revenues	$89,921	$ 84,325
Net income (loss)	19,447	(29,631)

The pro forma financial information is not necessarily indicative of the operating results that would have occurred had the Tennessee Trade actually been acquired on January 1, 1997.

1997 ACQUISITIONS

On April 1, 1997, the Company acquired the cable operating assets of two cable systems serving the Tennessee communities of Shelbyville and Manchester (the "Manchester Systems"), for an aggregate purchase price of approximately $19.7 million of which $495,000 was paid as escrow in 1996. The acquisition was accounted for using the purchase method of accounting, and was funded by proceeds from the Company's reducing revolving loan with a financial institution. No pro forma information giving the effect of the acquisitions is shown due to the results being immaterial.

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

1996 ACQUISITIONS

On March 1, 1996, the Company acquired certain cable operating assets ("Mid-Tennessee Systems") from Mid-Tennessee CATV, L.P., and on April 1, 1996 acquired the cable operating assets ("RCT Systems") from Rifkin Cablevision of Tennessee, Ltd. Both Mid-Tennessee CATV, L.P. and Rifkin Cablevision of Tennessee, Ltd. were affiliates of the General Partner. The acquisition costs were funded by $15 million of additional partner contributions and the remainder from a portion of the proceeds received from the issuance of $125 million of 11 1/8% Senior Subordinated Notes due 2006 (see Note 6).

The acquisitions were recorded using the purchase method of accounting. The results of operations of the Mid-Tennessee Systems have been included in the consolidated financial statements since March 1, 1996, and the results of the RCT Systems have been included in the consolidated financial statements since April 1, 1996. The combined purchase price was allocated based on estimated fair values from an independent appraisal to property, plant and equipment and franchise cost as follows (dollars in thousands):

Cash paid, net of acquired cash	$71,582
Acquisition costs (appraisal, transfer fees, and direct costs)	215
Total acquisition cost	$71,797
Allocation:	
Current assets	$ 624
Current liabilities	(969)
Property, plant and equipment	24,033
Franchise cost and other intangible assets	48,109
Total cost allocated	$71,797

The following combined pro forma information presents a summary of consolidated results of operations for the Company as if the Mid-Tennessee Systems and the RCT Systems acquisitions had occurred at the beginning of 1996, with pro forma adjustments to show the effect on depreciation and amortization for the acquired assets, management fees on additional revenues and interest expense on additional debt (dollars in thousands):

	YEAR ENDED 12/31/96 (UNAUDITED)
Total revenues	$ 74,346
Net loss	(22,558)

The pro forma financial information is not necessarily indicative of the operating results that would have occurred had the Mid-Tennessee Systems and the RCT Systems actually been acquired on January 1, 1996.

4. SALE OF ASSETS

On February 4, 1998, the Company sold all of its operating assets in the state of Michigan (the "Michigan Sale") to another cable operator for cash. In addition, on December 31, 1998, the Company traded certain cable systems in Tennessee (the "Tennessee Trade") for similar-sized cable systems (Note 3). Both sales resulted in a gain recognized by the Company as follows (dollars in thousands):

	MICHIGAN SALE	TENNESSEE TRADE	TOTAL
Fair value of assets relinquished	$ --	$46,668	$46,668
Original cash proceeds	16,931	--	16,931
Adjustments for value of assets and liabilities assumed	120	(17)	103
Net proceeds	17,051	46,651	63,702
Net book value of assets sold	11,061	9,778	20,839
Net gain from sale	$ 5,990	$36,873	$42,863

The Michigan Sale proceeds amount includes $500,000 that is currently being held in escrow. This amount and the fair value of assets relinquished, related to the Tennessee Trade, were both treated as noncash transactions on the Consolidated Statement of Cash Flows.

The cash proceeds from the Michigan Sale were used by the Company to reduce its revolving and term loans with a financial institution.

5. INCOME TAXES

Although the Partnership is not a taxable entity, two corporations (the "subsidiaries") are included in the consolidated financial statements. These subsidiaries are required to pay taxes on their taxable income, if any.

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

The following represents a reconciliation of pre-tax losses as reported in accordance with generally accepted accounting principles and the losses attributable to the partners and included in their individual income tax returns:

	YEAR ENDED 12/31/98	YEAR ENDED 12/31/97	YEAR ENDED 12/31/96
Pre-tax income (loss) as reported	$ 20,241,286	$(31,378,648)	$(25,277,061)
(Increase) decrease due to:			
Separately taxed book results of corporate subsidiaries	9,397,000	15,512,000	9,716,000
Effect of different depreciation and amortization methods for tax and book purposes	(1,360,000)	(2,973,000)	(3,833,000)
Additional tax gain from the sale of Michigan(Note 4)	2,068,000	--	--
Book gain from trade sale of Tennessee assets(Note 4)	(36,873,000)	--	--
Additional tax loss from dissolution of FNI stock	(7,235,000)	--	--
Other	81,714	(45,052)	(22,539)
Tax loss attributed to the partners	$(13,680,000)	$(18,884,700)	$(19,416,600)

The Company accounts for income taxes under the liability method. Under this method, deferred tax assets and liabilities are determined based on differences between financial reporting and tax bases of assets and liabilities and are measured using the enacted tax rates and laws that will be in effect when the differences are expected to reverse.

As a result of a change in control in 1995, the book value of the Company's net assets was increased to reflect their fair market value. In connection with this revaluation, a deferred income tax liability in the amount of $22,801,000 was established to provide for future taxes payable on the revised valuation of the net assets. A deferred tax benefit of $4,196,000, $5,335,000 and $3,654,000 was recognized for the years ended December 31, 1998, 1997 and 1996, respectively, reducing the liability to $7,942,000.

Deferred tax assets (liabilities) were comprised of the following at December 31, 1998 and 1997:

	12/31/98	12/31/97
Deferred tax assets resulting from loss carryforwards	$ 11,458,000	$ 9,499,000
Deferred tax liabilities resulting from depreciation and amortization	(19,400,000)	(21,637,000)
Net deferred tax liability	$ (7,942,000)	$(12,138,000)

As of December 31, 1998 and 1997, the subsidiaries have net operating loss carryforwards ("NOLs") for income tax purposes of $30,317,000 and $25,264,000, respectively, substantially all of which are limited. The NOLs will expire at various times between the years 2000 and 2013.

In 1998, one of the corporate entities was dissolved. The existing NOL's were used to offset taxable income down to $87,751, resulting in a current tax for 1998 of $18,075.

Under the Internal Revenue Code of 1986, as amended (the "Code"), the subsidiaries generally would be entitled to reduce their future federal income tax liabilities by carrying the unused NOLs forward for a period of 15 years to offset their future income taxes. The subsidiaries' ability to utilize any NOLs in future years may be restricted, however, in the event the subsidiaries undergo an "ownership change" as defined in Section 382 of the Code. In the event of an ownership change, the amount of NOLs attributable to the period prior to the ownership change that may be used to offset taxable income in any year thereafter generally may not exceed the fair market value of the subsidiary immediately before the ownership change (subject to certain adjustments) multiplied by the applicable long-term, tax exempt rate published by the Internal Revenue Service for the date of the ownership change. Two of the subsidiaries underwent an ownership change on September 1, 1995 pursuant to Section 382 of the Code. As such, the NOLs of the subsidiaries are subject to limitation from that date forward. It is the opinion of management that the NOLs will be released from this limitation prior to their expiration dates and, as such, have not been limited in their calculation of deferred taxes.

The provision for income tax expense (benefit) differs from the amount which would be computed by applying the statutory federal income tax rate of 35% to pre-tax income before extraordinary loss as a result of the following:

	YEARS ENDED		
	12/31/98	12/31/97	12/31/96
Tax expense (benefit) computed at statutory rate	$ 7,084,450	$(10,982,527)	$(8,846,971)
Increase (decrease) due to:			
Tax benefit (expense) for non-corporate loss	(10,373,252)	5,900,546	5,446,721
Permanent differences between financial statement income and taxable income	(36,200)	84,500	48,270
State income tax	(247,000)	(377,500)	(252,590)
Tax benefit from dissolved corporation	(148,925)	--	--
Other	(456,998)	39,981	(41,149)
Income Tax Benefit	$ (4,177,925)	$ (5,335,000)	$(3,645,719)

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

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

December 31, 1997, the full $20,000,000 available had been borrowed, and $16,500,000 had been drawn against the $52,500,000 commitment. The amount available for borrowing will decrease annually during its term with changes over the four years following December 31, 1998 as follows: 1999 -- $2,500,000 reduction per quarter, and 2000 through 2002 -- $3,625,000 per quarter. Any unpaid balance is due on March 31, 2003. The revolving loan bears an interest rate of either the bank's prime rate plus .25% to 1.75% or LIBOR plus 1.5% to 2.75%. The specific rate is dependent upon the senior funded debt ratio which is recalculated quarterly. The weighted average effective interest rates at December 31, 1998 and 1997 was 8.08% and 8.29%, respectively. The reducing revolving loan includes a commitment fee of 1/2% per annum on the unborrowed balance.

Certain mandatory prepayments may also be required, commencing in fiscal 1997, on the Tranche A term loan, the Tranche B term loan, and the reducing revolving credit based on the Company's cash flow calculations, proceeds from the sale of a cable system or equity contributions. Based on the 1998 calculation and the Michigan sale, $3,425,000 of prepayments were required. Optional prepayments are allowed, subject to certain restrictions. The related loan agreement contains covenants limiting additional indebtedness, dispositions of assets, investments in securities, distribution to partners, management fees and capital expenditures. In addition, the Company must maintain certain financial levels and ratios. At December 31, 1998, the Company was in compliance with these covenants.

The Company also has $3,000,000 of senior subordinated debt payable to a Rifkin Partner. The debt has a scheduled maturity, interest rate and interest payment schedule identical to that of the Notes, as discussed above.

Based on the outstanding debt as of December 31, 1998, the minimum aggregate maturities for the five years following 1998 are none in 1999, $7,500,000 in 2000, $16,500,000 in 2001, $23,075,000 in 2002 and $29,500,000 in 2003.

7. RELATED PARTY TRANSACTIONS

The Company entered into a management agreement with Rifkin & Associates, Inc. (Rifkin). The management agreement provides that Rifkin will act as manager of the Company's CATV systems and be entitled to annual compensation of 3.5% of the Company's revenue. Effective September 1, 1998, Rifkin conveyed its CATV management business to R & A Management, LLC (RML). The result of this transaction included the conveyance of the Rifkin management agreement (Rifkin Agreement) to RML (RML Agreement). Expenses incurred pursuant to the Rifkin Agreement and the RML Agreement are disclosed in total on the Consolidated Statement of Operations.

The Company is associated with a company to purchase certain cable television programming at a discount. Rifkin acted as the agent and held the deposit funds required for the Company to participate.

Effective September 1, 1998, Rifkin conveyed this contract and deposit amount to RML. The deposit amount recorded at December 31, 1998 and 1997 was $2,139,274 and $1,225,274, respectively. The Company subsequently received $1,225,274 of the December 31, 1998 balance.

The Company paid approximately $550,000 to a law firm in connection with the public offering in 1996. A partner of this law firm is a relative of one of the Company's partners.

8. COMMITMENTS AND RENTAL EXPENSE

The Company leases certain real and personal property under noncancelable operating leases expiring through the year 2007. Future minimum lease payments under such noncancelable leases as of December 31, 1998 are: $316,091 in 1999; $249,179 in 2000; $225,768 in 2001; $222,669 in 2002; and $139,910 in 2003; and $344,153 thereafter, totaling $1,497,770.

Total rental expense and the amount included therein which pertains to cancelable pole rental agreements were as follows for the periods indicated:

PERIOD	TOTAL RENTAL EXPENSE	CANCELABLE POLE RENTAL EXPENSE
Year Ended December 31, 1998	$1,592,080	$1,109,544
Year Ended December 31, 1997	$1,577,743	$1,061,722
Year Ended December 31, 1996	$1,294,084	$ 874,778

9. COMPENSATION PLANS AND RETIREMENT PLANS

EQUITY INCENTIVE PLAN

In 1996, the Company implemented an Equity Incentive Plan (the "Plan") in which certain Rifkin & Associates' executive officers and key employees, and certain key employees of the Company are eligible to participate. Plan participants in the aggregate, have the right to receive (i) cash payments of up to 2.0% of the aggregate value of all partnership interests of the Company (the "Maximum Incentive Percentage"), based upon the achievement of certain annual Operating Cash Flow (as defined in the Plan) targets for the Company for each of the calendar years 1996 through 2000, and (ii) an additional cash payment equal to up to 0.5% of the aggregate value of all partnership interests of the Company (the "Additional Incentive Percentage"), based upon the achievement of certain cumulative Operating Cash Flow targets for the Company for the five-year period ended December 31, 2000. Subject to the achievement of such annual targets and the satisfaction of certain other criteria based on the Company's operating performance, up to 20% of the Maximum Incentive Percentage will vest in each such year; provided, that in certain events vesting may accelerate. Payments under the Plan are subject to certain restrictive covenants contained in the Notes.

No amounts are payable under the Plan except upon (i) the sale of substantially all of the assets or partnership interests of the Company or (ii) termination of a Plan participant's employment with Rifkin & Associates or the Company, as applicable, due to (a) the decision of the Advisory Committee to terminate such participant's employment due to disability, (b) the retirement of such participant with the Advisory Committee's approval or (c) the death of such Participant. The value of amounts payable pursuant to clause (i) above will be based upon the aggregate net proceeds received by the holders of all of the partnership interests in the Company, as determined by the Advisory Committee, and the amounts payable pursuant to clause (ii) above will be based upon the Enterprise Value determined at the time of such payment. For purposes of the Plan, Enterprise Value generally is defined as Operating Cash Flow for the immediately preceding calendar year times a specified multiple and adjusted based on the Company's working capital.

The amount expensed for the years ended December 31, 1998, 1997 and 1996 relating to this plan were $1,119,996, $859,992 and $660,000, respectively.

RETIREMENT BENEFITS

The Company has a 401(k) plan for employees that have been employed by the Company for at least one year. Employees of the Company can contribute up to 15% of their salary, on a before-tax basis, with a maximum 1998 contribution of $10,000 (as set by the Internal Revenue Service). The Company matches participant contributions up to a maximum of 50% of the first 3% of a participant's salary contributed. All participant contributions and earnings are fully vested upon contribution and Company contributions and earnings vest 20% per year of employment with the Company, becoming fully vested after five years. The Company's matching contributions for the years ended December 31, 1998, 1997 and 1996 were $50,335, $72,707 and $42,636, respectively.

10. FAIR VALUE OF FINANCIAL INSTRUMENTS

The Company has a number of financial instruments, none of which are held for trading purposes. The following method and assumptions were used by the Company to estimate the fair values of financial instruments as disclosed herein:

Cash and Cash Equivalents, Customer Accounts Receivable, Other Receivables, Accounts Payable and Accrued Liabilities and Customer Deposits and Prepayments: The carrying value amount approximates fair value because of the short period to maturity.

Debt: The fair value of bank debt is estimated based on interest rates for the same or similar debt offered to the Company having the same or similar remaining maturities and collateral requirements. The fair value of public Senior Subordinated Notes is based on the market quoted trading value. The fair value of the Company's debt is estimated at $236,137,500 and is carried on the balance sheet at $224,575,000.

11. CABLE REREGULATION

Congress enacted the Cable Television Consumer Protection and Competition Act of 1992 (the Cable Act) and has amended it at various times since.

The total effects of the present law are, at this time, still unknown. However, one provision of the present law further redefines a small cable system, and exempts these systems from rate regulation on the upper tiers of cable service. The Partnership is awaiting an FCC rulemaking implementing the present law to determine whether its systems qualify as small cable systems.

12. SUMMARIZED FINANCIAL INFORMATION

CEM, CEI and CEC (collective, the "Guarantors") are all wholly-owned subsidiaries of the Company and, together with RACC, constitute all of the Partnership's direct and indirect subsidiaries. As discussed in Note 1, RTL and FNI were dissolved on January 1, 1998 and the assets were transferred to the Company, however, prior thereto, RTL and FNI, as wholly-owned subsidiaries of the Company, were Guarantors. Each of the Guarantors provides a full, unconditional, joint and several guaranty of the obligations under the Notes discussed in Note 6. Separate financial statements of the Guarantors are not presented because management has determined that they would not be material to investors.

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

The following tables present summarized financial information of the Guarantors on a combined basis as of December 31, 1998 and 1997 and for the years ended December 31, 1998, and 1997 and 1996.

BALANCE SHEET	12/31/98	12/31/97
Cash	$ 373,543	$ 780,368
Accounts and other receivables, net	3,125,830	3,012,571
Prepaid expenses	791,492	970,154
Property, plant and equipment net	48,614,536	66,509,120
Franchise costs and other intangible assets, net	56,965,148	103,293,631
Accounts payable and accrued liabilities	22,843,354	18,040,588
Other liabilities	980,536	1,122,404
Deferred taxes payable	7,942,000	12,138,000
Notes payable	140,050,373	167,200,500
Equity (deficit)	(61,945,714)	(23,935,648)

STATEMENTS OF OPERATIONS	YEAR ENDED 12/31/98	YEAR ENDED 12/31/97	YEAR ENDED 12/31/96
Total revenue	$ 29,845,826	$ 47,523,592	$ 42,845,044
Total costs and expenses	(31,190,388)	(53,049,962)	(43,578,178)
Interest expense	(14,398,939)	(17,868,497)	(16,238,221)
Income tax benefit	4,177,925	5,335,000	3,645,719
Net loss	$(11,565,576)	$(18,059,867)	$(13,325,636)

13. QUARTERLY INFORMATION (UNAUDITED)

The following interim financial information of the Company presents the 1998 and 1997 consolidated results of operations on a quarterly basis (in thousands):

	QUARTERS ENDED 1998			
	MARCH 31(A)	JUNE 30	SEPT. 30	DEC. 31(B)
Revenue	$22,006	$22,296	$22,335	$23,284
Operating income (loss)	295	511	(1,522)	1,756
Net income (loss)	1,437	(4,458)	(5,907)	33,347

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(a) First quarter includes a $5,900 gain from the sale of Michigan assets (Note 4).

(b) Fourth quarter includes a $36,873 gain from the trade sale of certain Tennessee assets (Note 4).

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

	QUARTERS ENDED 1997			
	MARCH 31	JUNE 30	SEPT. 30	DEC. 31
Revenue	$19,337	$21,331	$21,458	$22,199
Operating loss	(1,220)	(2,818)	(2,777)	(798)
Net loss	(5,998)	(6,890)	(8,127)	(5,029)

14. LITIGATION

The Company could possibly be named as defendant in various actions and proceedings arising from the normal course of business. In all such cases, the Company will vigorously defend itself against the litigation and, where appropriate, will file counterclaims. Although the eventual outcome of potential lawsuits cannot be predicted, it is management's opinion that any such lawsuit will not result in liabilities that would have a material affect on the Company's financial position or results of operations.

REPORT OF INDEPENDENT ACCOUNTANTS

To the Partners of
Indiana Cable Associates, Ltd.

In our opinion, the accompanying balance sheet and the related statements of operations, of equity and of cash flows present fairly, in all material respects, the financial position of Rifkin Cable Income Partners L.P. (the "Partnership") at September 13, 1999, and the results of its operations and its cash flows for the period January 1, 1999 to September 13, 1999, in conformity with accounting principles generally accepted in the United States. 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 auditing standards generally accepted in the United States, 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.

On September 13, 1999, all of the Partnership's interest were sold to Charter Communications, LLC. These financial statements represent the Partnership just prior to that transaction and do not reflect any adjustments related thereto.

/S/ PRICEWATERHOUSECOOPERS LLP

DENVER, COLORADO
FEBRUARY 15, 2000

INDIANA CABLE ASSOCIATES, LTD.

BALANCE SHEET

	SEPTEMBER 13, 1999
ASSETS	
Cash	$ 166,550
Customer accounts receivable, less allowance for doubtful accounts of $6,523	211,069
Accounts receivable, interpartnership	13,814,907
Other receivables	436,723
Prepaid expenses and deposits	50,196
Property, plant and equipment, at cost:	
Transmission and distribution systems and related equipment	10,025,106
Buildings and leasehold improvements	55,480
Vehicles, office furniture and fixtures	493,607
Spare parts and construction inventory	101,334
	10,675,527
Less accumulated depreciation	(838,673)
Property, plant and equipment, net	9,836,854
Franchise costs, net of accumulated amortization of $2,910,123	18,944,392
Total assets	$43,460,691
LIABILITIES AND EQUITY	
Liabilities:	
Accrued liabilities	$ 263,342
Customer deposits and prepayments	314,413
Accounts payable, related party	20,514
Interpartnership debt	24,003,000
Total liabilities	24,601,269
Commitments and contingencies (Notes 4 and 8)	
Divisional equity	18,859,422
Total equity	18,859,422
Total liabilities and equity	$43,460,691

The accompanying notes are an integral part of these financial statements.

INDIANA CABLE ASSOCIATES, LTD.

STATEMENT OF OPERATIONS

	JANUARY 1, 1999 TO SEPTEMBER 13, 1999
REVENUE	
Service	$ 5,267,890
Installation and other	765,902
Total revenue	6,033,792
COSTS AND EXPENSES	
Operating expense	631,956
Programming expense	1,268,904
Selling, general and administrative expense	1,143,407
Depreciation	1,009,515
Amortization	2,910,123
Management fees	301,890
Loss on disposal of assets	2,481,838
Total costs and expenses	9,747,633
Operating loss	(3,713,841)
Interest expense	621,956
Net loss	$(4,335,797)

The accompanying notes are an integral part of these financial statements.

INDIANA CABLE ASSOCIATES, LTD.

STATEMENT OF EQUITY

	JANUARY 1, 1999 TO SEPTEMBER 13, 1999	
	DIVISIONAL EQUITY	TOTAL
Equity contribution	$23,195,219	$23,195,219
Net loss	(4,335,797)	(4,335,797)
Equity, September 13, 1999	$18,859,422	$18,859,422

The accompanying notes are an integral part of these financial statements.

INDIANA CABLE ASSOCIATES, LTD.

STATEMENT OF CASH FLOWS

	JANUARY 1, 1999 TO SEPTEMBER 13, 1999
CASH FLOWS FROM OPERATING ACTIVITIES	
Net loss	$ (4,335,797)
Adjustments to reconcile net loss to net cash provided by operating activities:	
Depreciation and amortization	3,919,638
Loss on disposal of assets	2,481,838
Increase in customer accounts receivable	(125,274)
Increase in accounts receivable, interpartnership	(13,814,907)
Increase in other receivables	(141,700)
Decrease in prepaid expenses and deposits	102,379
Increase in accrued liabilities	(634,431)
Increase in customer deposits and prepayments	266,955
Increase in accounts payable, related party	20,514
Net cash used in operating activities	(12,260,785)
CASH FLOWS FROM INVESTING ACTIVITIES	
Initial cash acquisition cost, net of cash acquired	(23,086,600)
Purchases of property, plant and equipment	(2,054,791)
Proceeds from sale of assets	2,734
Additions to franchise costs	(25,597)
Net cash used in investing activities	(25,164,254)
CASH FLOWS FROM FINANCING ACTIVITIES	
Capital contributions	23,195,219
Proceeds from interpartnership debt	14,807,682
Payments on interpartnership debt	(411,312)
Net cash provided by financing activities	37,591,589
Increase in cash	166,550
Cash, beginning of period	--
Cash, end of period	$ 166,550
SUPPLEMENTAL CASH FLOW INFORMATION	
Interest paid	$ 621,956

The accompanying notes are an integral part of these financial statements.

INDIANA CABLE ASSOCIATES, LTD.

NOTES TO FINANCIAL STATEMENTS

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

ORGANIZATION

Indiana Cable Associates, Ltd. (the "Partnership"), a Colorado limited partnership, was originally organized in March 1987 for the purpose of acquiring and operating cable television systems and related operations in Indiana and Illinois.

ACQUISITION BY INTERLINK COMMUNICATIONS PARTNERS, LLLP AND BASIS OF PRESENTATION

Effective December 31, 1998, Interlink Communications Partners, LLLP ("ICP") acquired all of the Partnership's limited partner interest, and agreed to purchase all of the general Partners' interest for $23.1 million. This transaction was accounted for as a purchase; as such, assets and liabilities were written up to their fair value, resulting in an increase to property, plant and equipment and franchise costs of $7.0 million and $16.8 million, respectively.

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 September 13, 1999, and the results of its operations and its cash flows for the period January 1, 1999 to September 13, 1999. Allocations from ICP include amounts for debt, interest expense and management expense. Both debt and interest expense were allocated pro rata based on the Partnership's percentage of subscribers to total ICP subscribers. Management expense was allocated in accordance with the management agreement (Note 2). In addition, receivables and payables to ICP are presented in the accompanying financial statements net as amounts due to/from interpartnership. 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 interest to Charter Communications Holdings, LLC ("Charter"). On April 26, 1999, ICP signed a definitive Purchase and Sales Agreement with Charter for the sale of the individual partner's interest. The sales transaction closed on September 13, 1999. These financial statements represent the Partnership just prior to the transaction and do not reflect any related adjustments.

PROPERTY, PLANT AND EQUIPMENT

Additions to property, plant and equipment are recorded at cost, which in the case of assets constructed, include 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.

INDIANA CABLE ASSOCIATES, LTD.

NOTES TO FINANCIAL STATEMENTS--(CONTINUED)

Depreciation expense is calculated using the straight-line method over the estimated useful lives of the assets as follows:

Transmission and distribution systems and related equipment	1-15 years
Buildings and leasehold improvements	5-27 years
Vehicles, office furniture and fixtures	2-5 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 2 to 10 years. The carrying value 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 September 13, 1999.

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.

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 period shown.

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.

2. MANAGEMENT AGREEMENT

The Partnership has a management agreement with R & A Management, LLC ("RML"). The management agreement provides that RML shall manage the Partnership and shall receive annual compensation equal to 5% of gross revenues and an additional 5% if a defined cash flow level is met. The result of this transaction included the conveyance of the Rifkin management agreement (the "Rifkin Agreement") to RML (the "RML Agreement"). Expenses incurred pursuant to this agreement are disclosed in the Consolidated Statement of Operations.

3. DEBT

The Partnership has interpartnership debt with ICP. Borrowings, including both principal and interest, at September 13, 1999 were $24,003,000 and had an effective interest rate of 8.68%.

ICP has a term loan and revolving loan agreement with a bank. The amount of the term loan is $150,000,000, and requires varying quarterly payments plus interest commencing September 30, 2001 and continuing through March 31, 2007. On February 1, 1999, the term loan agreement was amended to increase the loan amount to $250,000,000. On July 16, 1999, the term loan agreement was amended again to increase the loan amount to $290,000,000. The interest rate on the term loan is generally the bank's prime rate plus 0% to 1.50%. The weighted average effective rate at September 13, 1999 was 8.74%.

The revolving loan agreement provided for borrowing up to $100,000,000 at the Company's discretion. At September 13, 1999, $91,000,000 had been drawn against the $100,000,000 commitment. The revolving credit agreement expires on March 31, 2007. The revolver bears an interest rate at the bank's prime rate plus 0% to 1.50% or LIBOR plus 1.25% to 2.75%. The specific rate is dependent upon the leverage ratio of ICP, which is recalculated quarterly. The weighted average effective interest rate at September 13, 1999 was 8.5%.

The term loan and revolving loan agreement are collateralized by substantially all assets of ICP and its consolidated entities, including the Partnership.

4. LEASE COMMITMENTS

The Partnership leases certain real and personal property under noncancelable operating leases. Future minimum lease payments under these arrangements at September 13, 1999, were as follows:

1999	$ 77,802
2000	57,386
2001	45,749
2002	43,500
2003	43,500
Thereafter	40,875
	$308,812

Total rent expense for the period January 1, 1999 to September 13, 1999 was $77,802, including $43,253 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 1999 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 period January 1, 1999 to September 13, 1999 were $10,524.

INDIANA CABLE ASSOCIATES, LTD.

NOTES TO FINANCIAL STATEMENTS--(CONTINUED)

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, 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.

The interest rate on debt is adjusted at least quarterly; therefore, the carrying value of debt approximates its fair value.

7. RELATED PARTY TRANSACTIONS

Certain Partnership expenses were paid by Charter and are reflected as Payables to affiliates in the accompanying financial statements.

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 AUDITORS

The Partners
Indiana Cable Associates, Ltd.

We have audited the accompanying balance sheet of Indiana Cable Associates, Ltd. as of December 31, 1997 and 1998, and the related statements of operations, partners' deficit and cash flows for the years ended December 31, 1996, 1997 and 1998. These financial statements are the responsibility of the Partnership's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Indiana Cable Associates, Ltd. at December 31, 1997 and 1998, and the results of its operations and its cash flows for the years ended December 31, 1996, 1997 and 1998 in conformity with generally accepted accounting principles.

/s/ Ernst & Young LLP

Denver, Colorado
February 19, 1999

INDIANA CABLE ASSOCIATES, LTD.

BALANCE SHEET
DECEMBER 31, 1997 AND 1998

	1997	1998
ASSETS (PLEDGED)		
Cash and cash equivalents	$ 82,684	$ 108,619
Customer accounts receivable, less allowance for doubtful accounts of $18,311 in 1997 and $24,729 in 1998	87,154	85,795
Other receivables	257,236	295,023
Prepaid expenses and deposits	172,614	152,575
Property, plant and equipment, at cost:		
Buildings	78,740	91,682
Transmission and distribution systems and related equipment	10,174,650	11,336,892
Office furniture and equipment	144,137	161,327
Spare parts and construction inventory	435,554	742,022
	10,833,081	12,331,923
Less accumulated depreciation	7,624,570	8,008,158
Net property, plant and equipment	3,208,511	4,323,765
Other assets, at cost less accumulated amortization (Note 3)	5,817,422	5,083,029
Total assets	$ 9,625,621	$10,048,806
LIABILITIES AND PARTNERS' DEFICIT		
Liabilities:		
Accounts payable and accrued liabilities	$ 718,716	$ 897,773
Customer prepayments	50,693	47,458
Interest payable	32,475	--
Long-term debt (Note 4)	10,650,000	--
Interpartnership debt (Note 4)	--	9,606,630
Total liabilities	11,451,884	10,551,861
Commitments (Notes 5 and 6)		
Partners' deficit:		
General partner	(66,418)	(20,106)
Limited partner	(1,759,845)	(482,949)
Total partners' deficit	(1,826,263)	(503,055)
Total liabilities and partners' deficit	$ 9,625,621	$10,048,806

See accompanying notes.

INDIANA CABLE ASSOCIATES, LTD.

STATEMENT OF OPERATIONS

	YEARS ENDED		
	12/31/96	12/31/97	12/31/98
REVENUE:			
Service	$6,272,049	$6,827,504	$7,165,843
Installation and other	538,158	622,699	773,283
Total revenue	6,810,207	7,450,203	7,939,126
COSTS AND EXPENSES:			
Operating expense	989,456	1,142,932	974,617
Programming expense	1,474,067	1,485,943	1,727,089
Selling, general and administrative expense	1,112,441	1,142,247	1,128,957
Depreciation	889,854	602,554	537,884
Amortization	718,334	718,335	707,539
Management fees	340,510	372,510	396,956
Loss on disposal of assets	6,266	639	74,714
Total costs and expenses	5,530,928	5,465,160	5,547,756
Operating income	1,279,279	1,985,043	2,391,370
Interest expense	1,361,415	1,292,469	970,160
Net income (loss) before extraordinary item	(82,136)	692,574	1,421,210
Extraordinary item--loss on early retirement of debt (Note 3 and 4)	--	--	98,002
Net income (loss)	$ (82,136)	$ 692,574	$1,323,208

See accompanying notes.

INDIANA CABLE ASSOCIATES, LTD.

STATEMENT OF PARTNERS' DEFICIT

	GENERAL PARTNERS	LIMITED PARTNERS	TOTAL
Partners' deficit at December 31, 1995	$(87,783)	$(2,348,918)	$(2,436,701)
Net loss for the year ended December 31, 1996	(2,875)	(79,261)	(82,136)
Partners' deficit at December 31, 1996	(90,658)	(2,428,179)	(2,518,837)
Net income for the year ended December 31, 1997	24,240	668,334	692,574
Partners' deficit at December 31, 1997	(66,418)	(1,759,845)	(1,826,263)
Net income for the year ended December 31, 1998	46,312	1,276,896	1,323,208
Partners' deficit at December 31, 1998	$(20,106)	$ (482,949)	$ (503,055)

The partners' capital accounts for financial reporting purposes vary from the tax capital accounts.

See accompanying notes.

INDIANA CABLE ASSOCIATES, LTD.

STATEMENT OF CASH FLOWS

	YEARS ENDED 12/31/96	12/31/97	12/31/98
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income (loss)	$ (82,136)	$ 692,574	$ 1,323,208
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Depreciation and amortization	1,608,188	1,320,889	1,245,423
Amortization of deferred loan costs	48,764	72,922	23,149
Loss on disposal of assets	6,266	639	74,714
Loss on write-off of deferred loan cost associated with early retirement of debt	--	--	95,832
Decrease (increase) in customer accounts receivable	(13,110)	1,536	1,359
Increase in other receivables	(80,843)	(108,256)	(37,787)
Decrease (increase) in prepaid expenses and deposits	(53,259)	(5,928)	20,039
Increase (decrease) in accounts payable and accrued liabilities	(190,357)	(147,971)	179,057
Increase (decrease) in customer prepayments	16,355	(13,190)	(3,235)
Decrease in interest payable	(12,314)	(39,471)	(32,475)
Net cash provided by operating activities	1,247,554	1,773,744	2,889,284
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchases of property, plant and equipment	(675,244)	(592,685)	(1,732,831)
Proceeds from sale of assets	227,025	23,662	4,979
Net cash used in investing activities	(448,219)	(569,023)	(1,727,852)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from long-term debt	2,000,000	1,450,000	10,636,421
Proceeds from interpartnership debt	--	--	9,606,630
Deferred loan cost	(70,000)	(29,776)	(92,127)
Payments of long-term debt	(2,200,000)	(3,100,000)	(21,286,421)
Net cash used in financing activities	(270,000)	(1,679,776)	(1,135,497)
Net increase (decrease) in cash and cash equivalents	529,335	(475,055)	25,935
Cash and cash equivalents at beginning of year	28,404	557,739	82,684
Cash and cash equivalents at end of year	$ 557,739	$ 82,684	$ 108,619
SUPPLEMENTAL CASH FLOW INFORMATION:			
Interest paid	$ 1,324,965	$ 1,258,078	$ 947,606

See accompanying notes.

INDIANA CABLE ASSOCIATES, LTD.

NOTES TO FINANCIAL STATEMENTS

1. GENERAL INFORMATION

GENERAL INFORMATION:

Indiana Cable Associates, Ltd. (the "Partnership"), a Colorado limited partnership, was organized in March 1987 for the purpose of acquiring and operating cable television systems and related operations in Indiana and Illinois.

For financial reporting purposes, Partnership profits or losses are allocated 3.5% to the general partners and 96.5% to the limited partners. Limited partners are not required to fund any losses in excess of their capital contributions.

ACQUISITION BY INTERLINK COMMUNICATIONS PARTNERS, LLLP:

Interlink Communications Partners, LLLP ("ICP") agreed to purchase all of the interests of the Partnership. ICP acquired all of the limited partner interests, effective December 31, 1998, and is currently in the process of obtaining the necessary consents to transfer all of the Partnership's franchises to ICP. Once these are obtained, ICP will then purchase the general partner interest in the Partnership, and the Partnership will, by operation of law, be consolidated into ICP.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

PROPERTY, PLANT AND EQUIPMENT:

The Partnership records additions to property, plant and equipment at cost, which in the case of assets constructed includes amounts for material, labor, overhead and capitalized interest, if applicable.

For financial reporting purposes, the Partnership uses the straight-line method of depreciation over the estimated useful lives of the assets as follows:

Buildings and improvements................................	5-30 years
Transmission and distribution systems and related equipment..	3-15 years
Office furniture and equipment............................	5 years

OTHER ASSETS:

Other assets are carried at cost and are amortized on a straight-line basis over the following lives:

Franchises	-- the terms of the franchises (10-19 1/2 years)
Goodwill	-- the term of the Partnership agreement (12 3/4 years)
Deferred loan costs	-- the term of the debt (1-6 years)
Organization costs	-- 5 years

INDIANA CABLE ASSOCIATES, LTD.

NOTES TO FINANCIAL STATEMENTS -- (CONTINUED)

INCOME TAXES:

No provision for the payment or refund of income taxes has been provided for the Partnership since the partners are responsible for reporting their distributive share of Partnership net income or loss in their personal capacities.

CASH AND CASH EQUIVALENTS:

The Partnership considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

REVENUE RECOGNITION:

Customer fees are recorded as revenue in the period the service is provided.

FAIR VALUE OF FINANCIAL INVESTMENTS:

The carrying values of cash and cash equivalents, customer accounts receivable, accounts payable and interpartnership debt approximate fair value.

USE OF ESTIMATES:

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

IMPACT OF YEAR 2000 (UNAUDITED):

The Partnership recognizes that certain of its time-sensitive computer programs and product distribution equipment may be affected by conversion to the year 2000. During 1998, management began their evaluation of the information systems, product distribution facilities, and vendor and supplier readiness. To date, considerable progress has been made to complete the evaluation process, to integrate and test compliance installations, and to prepare contingency plans. In addition, third party suppliers are either fully compliant or are expected to be compliant by December 31, 1999. Management expects to have all systems compliant, or have a contingency plan in effect that will result in minimal impact on the operations.

NEW ACCOUNTING PRONOUNCEMENT:

In April 1998, the Accounting Standards Executive Committee issued Statement of Position (SOP) 98-5 "Reporting on the Costs of Start-Up Activities," which requires the Partnerships to expense all start-up costs related to organizing a new business. This new standard also includes one-time activities related to opening a new facility, introduction of a new product or service, or conducting business with a new class of customer or in a new territory. This standard is effective for the Partnerships' 1999 fiscal year. Organization costs are all fully amortized resulting in SOP 98-5 having no material effect on its financial position or the results of operations.

RECLASSIFICATION OF FINANCIAL STATEMENT PRESENTATION:

Certain reclassifications have been made to the 1996 and 1997 financial statements to conform with the 1998 financial statement presentation. Such reclassifications had no effect on the net income or loss as previously stated.

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 ACCOUNTANTS

To the Partners of
R/N South Florida Cable Management Limited Partnership

In our opinion, the accompanying consolidated balance sheet and the related consolidated statements of operations, of equity and of cash flows present fairly, in all material respects, the financial position of R/N South Florida Cable Management Limited Partnership and its subsidiaries (the "Partnership") at September 13, 1999, and the results of their operations and their cash flows for the period January 1, 1999 to September 13, 1999, in conformity with accounting principles generally accepted in the United States. 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 auditing standards generally accepted in the United States, 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.

On September 13, 1999, all of the Partnership's interest were sold to Charter Communications, LLC. These financial statements represent the Partnership just prior to that transaction and do not reflect any adjustments related thereto.

/s/ PRICEWATERHOUSECOOPERS LLP

Denver, Colorado
February 15, 2000

R/N SOUTH FLORIDA CABLE MANAGEMENT LIMITED PARTNERSHIP
CONSOLIDATED BALANCE SHEET

	AS OF SEPTEMBER 13, 1999
ASSETS	
Cash	$ 453,963
Customer accounts receivable, less allowance for doubtful accounts of $27,131	933,646
Accounts receivable, related party	394,142
Accounts receivable, interpartnership	30,273,104
Other receivables	780,723
Prepaid expenses and deposits	195,198
Property, plant and equipment, at cost:	
Transmission and distribution systems and related equipment	24,629,591
Vehicles, office furniture and equipment	1,131,040
Leasehold improvements	6,759
Construction in process and spare parts inventory	1,519,099
	27,286,489
Less accumulated depreciation	(1,935,932)
Property, plant and equipment, net	25,350,557
Franchise costs, less accumulated amortization of $17,527,564	65,160,673
Total assets	$123,542,006
LIABILITIES AND EQUITY	
Liabilities:	
Accounts payable and accrued liabilities	$ 2,074,095
Customer deposits and prepayments	1,209,481
Interpartnership debt	60,960,000
Total liabilities	64,243,576
Commitments and contingencies (Notes 4 and 7) Divisional equity	59,298,430
Total equity	59,298,430
Total liabilities and equity	$123,542,006

The accompanying notes are an integral part of these consolidated financial statements.

R/N SOUTH FLORIDA CABLE MANAGEMENT LIMITED PARTNERSHIP
CONSOLIDATED STATEMENT OF OPERATIONS

	FOR THE PERIOD JANUARY 1, 1999 TO SEPTEMBER 13, 1999
REVENUE	
Service	$ 14,790,346
Installation and other	2,725,293
Total revenue	17,515,639
COSTS AND EXPENSES	
Operating expense	2,958,925
Programming expense	3,957,126
Selling, general and administrative expense	4,532,320
Depreciation	1,997,656
Amortization	17,527,564
Management fees	700,626
Loss on disposal of assets	685,800
Total costs and expenses	32,360,017
Operating loss	(14,844,378)
Interest expense	760,517
Net loss	$(15,604,895)

The accompanying notes are an integral part of these consolidated financial statements.

R/N SOUTH FLORIDA CABLE MANAGEMENT LIMITED PARTNERSHIP
CONSOLIDATED STATEMENT OF EQUITY

	FOR THE PERIOD JANUARY 1, 1999 TO SEPTEMBER 13, 1999	
	DIVISIONAL EQUITY	TOTAL
Equity contribution	$ 74,903,325	$ 74,903,325
Net loss	(15,604,895)	(15,604,895)
Divisional equity, September 13, 1999	$ 59,298,430	$ 59,298,430

The accompanying notes are an integral part of these consolidated financial statements.

R/N SOUTH FLORIDA CABLE MANAGEMENT LIMITED PARTNERSHIP
CONSOLIDATED STATEMENT OF CASH FLOWS

	FOR THE PERIOD JANUARY 1, 1999 TO SEPTEMBER 13, 1999
CASH FLOWS FROM OPERATING ACTIVITIES	
Net loss	$(15,604,895)
Adjustments to reconcile net loss to net cash provided by operating activities:	
Depreciation and amortization	19,525,221
Loss on disposal of assets	685,800
Increase in customer accounts receivable	(478,307)
Increase in accounts receivable, related party	(394,142)
Increase in accounts receivable, intercompany	(30,273,104)
Decrease in other receivables	910,870
Decrease in prepaid expenses and deposits	197,824
Decrease in accounts payable and accrued liabilities	(282,445)
Increase in customer prepayments and deposits	519,116
Net cash used in operating activities	(25,194,062)
CASH FLOWS FROM INVESTING ACTIVITIES	
Initial cash acquisition cost, net of cash acquired	(74,224,586)
Purchases of property, plant and equipment	(4,487,237)
Additions to franchise costs	(383,932)
Proceeds from the sale of assets	102,891
Net cash used in investing activities	(78,992,864)
CASH FLOWS FROM FINANCING ACTIVITIES	
Capital contributions	74,903,325
Proceeds from interpartnership debt	30,587,226
Payments on interpartnership debt	(849,662)
Net cash provided by financing activities	104,640,889
Increase in cash	453,963
Cash, beginning of period	--
Cash, end of period	$ 453,963
SUPPLEMENTAL CASH FLOW INFORMATION	
Interest paid	$ 760,517

The accompanying notes are an integral part of these consolidated financial statements.

R/N SOUTH FLORIDA CABLE MANAGEMENT LIMITED PARTNERSHIP
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNT 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 originally 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.

ACQUISITION BY INTERLINK COMMUNICATIONS PARTNERS, LLLP AND BASIS OF PRESENTATION

Effective December 31, 1998, Interlink Communications Partners, LLLP ("ICP") acquired all of the Partnership's limited partner interest, and agreed to purchase all of the Partnership's interest for $74.2 million. This transaction was accounted for as a purchase; as such, assets and liabilities were written up to their fair value, resulting in an increase to property, plant and equipment and franchise costs of $5.0 million $77.1 million, respectively.

Effective July 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 September 13, 1999, and the results of its operations and its cash flows for the period January 1, 1999 to September 13, 1999. Allocations from ICP include amounts for debt, interest expense and management expense. Both debt and interest expense were allocated pro rata based on the Partnership's percentage of subscribers to total ICP subscribers. Management expense was allocated in accordance with the management agreement (Note 2). In addition, receivables and payables to ICP are presented in the accompanying financial statements net as amounts due to/from interpartnership. 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 interest to Charter Communications Holdings, LLC ("Charter"). On April 26, 1999, ICP signed a definitive Purchase and Sales Agreement with Charter for the sale of the individual partner's interest. The sales transaction closed on September 13, 1999. These financial statements represent the Partnership just prior to the transaction and do not reflect any related adjustments.

PROPERTY, PLANT AND EQUIPMENT

Additions to property, plant and equipment are recorded at cost, which in the case of assets constructed, include 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 of depreciation over the estimated useful lives of the assets as follows:

Transmission and distribution systems and related equipment	1-15 years
Vehicles, office furniture and equipment	2-5 years
Leasehold improvements	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 2 to 10 years. The carrying value 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 September 13, 1999.

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.

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 period shown.

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.

2. MANAGEMENT AGREEMENT

The Partnership has a management agreement with R & A Management, LLC ("RML"). The management agreement provides that RML shall manage the Operating Partnership and shall be entitled to annual compensation of 4% of gross revenues. The result of this transaction included the conveyance of the Rifkin management agreement (the "Rifkin Agreement") to RML (the "RML Agreement"). Expenses incurred pursuant to this agreement are disclosed in the Consolidated Statement of Operations.

3. DEBT

The Partnership has an interpartnership debt with ICP. Borrowings, including both principal and interest, at September 13, 1999 were $60,960,000 and had an effective interest rate of 8.68%.

ICP has a term loan and revolving loan agreement with a bank. The amount of the term loan is $150,000,000, and requires varying quarterly payments plus interest commencing September 30, 2001 and continuing through March 31, 2007. On February 1, 1999, the term loan agreement was amended to increase the loan amount to $250,000,000. On July 16, 1999, the term loan agreement was amended again to increase the loan amount to $290,000,000. The interest rate on the term loan is generally the bank's prime rate plus 0% to 1.50%. The weighted average effective rate at September 13, 1999 was 8.74%.

The revolving loan agreement provided for borrowing up to $100,000,000 at the Company's discretion. At September 13, 1999, $91,000,000 had been drawn against the $100,000,000 commitment. The revolving credit agreement expires on March 31, 2007. The revolver bears an interest rate at the bank's prime rate plus 0% to 1.50% or LIBOR plus 1.25% to 2.75%. The specific rate is dependent upon the leverage ratio of ICP, which is recalculated quarterly. The weighted average effective interest rate at September 13, 1999 was 8.5%.

The term loan and revolving loan agreement are collateralized by substantially all assets of ICP and its consolidated entities, including the Partnership.

4. LEASE COMMITMENTS

The Partnership leases certain real and personal property under noncancelable operating leases. Future minimum lease payments under these arrangements at September 13, 1999, were as follows:

1999	$203,667
2000	178,432
2001	148,399
	$530,498

Total rent expense for the period January 1, 1999 to September 13, 1999 was $187,831, including $68,806 relating to cancelable pole rental agreements.

5. 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 1999 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 period January 1, 1999 to September 13, 1999 were $19,721.

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, 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.

The interest rate on debt is adjusted at least quarterly; therefore, the carrying value of debt approximates its fair value.

7. 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 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 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 September 30, 1999 and December 31, 1998, and the results of their operations and their cash flows for the nine-months ended September 30, 1999 and for the years ended December 31, 1998 and 1997 in conformity with accounting principles generally accepted in the United States. 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 auditing standards generally accepted in the United States 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
January 6, 2000

INTERMEDIA CABLE SYSTEMS
(COMPRISED OF COMPONENTS OF INTERMEDIA PARTNERS AND INTERMEDIA CAPITAL PARTNERS IV, L.P.)

COMBINED BALANCE SHEETS

(DOLLARS IN THOUSANDS)

	SEPTEMBER 30, 1999	DECEMBER 31, 1998
ASSETS		
Accounts receivable, net of allowance for doubtful accounts of $903 and $899, respectively	$ 14,971	$ 14,425
Receivables from affiliates	7,966	5,623
Prepaid expenses	1,100	423
Other current assets	186	350
Total current assets	24,223	20,821
Intangible assets, net	214,182	255,356
Property and equipment, net	228,676	218,465
Deferred income taxes	15,279	12,598
Investments and other non-current assets	544	2,804
Total assets	$482,904	$510,044
LIABILITIES AND EQUITY		
Accounts payable and accrued liabilities	$ 15,504	$ 19,230
Deferred revenue	11,151	11,104
Payables to affiliates	2,265	3,158
Total current liabilities	28,920	33,492
Note payable to InterMedia Partners IV, L.P.	406,975	396,579
Deferred channel launch revenue	3,583	4,045
Total liabilities	439,478	434,116
Commitments and contingencies		
Mandatorily redeemable preferred shares	14,934	14,184
Equity	28,492	61,744
Total liabilities and equity	$482,904	$510,044

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)

	NINE MONTHS ENDED SEPTEMBER 30, 1999	YEAR ENDED DECEMBER 31, 1998	YEAR ENDED DECEMBER 31, 1997
REVENUES			
Basic and cable services	$105,275	$125,920	$112,592
Pay services	20,699	23,975	24,467
Other services	26,815	26,167	25,519
	152,789	176,062	162,578
COSTS AND EXPENSES			
Program fees	35,579	39,386	33,936
Other direct expenses	15,280	16,580	16,500
Selling, general and administrative expenses	33,315	30,787	29,181
Management and consulting fees	2,356	3,147	2,870
Depreciation and amortization	79,325	85,982	81,303
	165,855	175,882	163,790
Profit/(loss) from operations	(13,066)	180	(1,212)
OTHER INCOME (EXPENSE)			
Interest expense	(17,636)	(25,449)	(28,458)
Interest and other income	187	341	429
Gain on sale of investment	1,678	--	--
Gain on sale/exchange of cable systems	--	26,218	10,006
Other expense	(4,397)	(3,188)	(1,431)
	(20,168)	(2,078)	(19,454)
Loss before income tax benefit (expense)	(33,234)	(1,898)	(20,666)
Income tax benefit (expense)	2,681	(1,623)	4,026
NET LOSS	$(30,553)	$ (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 January 1, 1997	$ 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
Net loss	(30,553)
Accretion for mandatorily redeemable preferred shares	(750)
Net distributions to parent	(1,949)
Balance at September 30, 1999	$ 28,492

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)

	NINE MONTHS ENDED SEPTEMBER 30, 1999	YEAR ENDED DECEMBER 31, 1998	YEAR ENDED DECEMBER 31, 1997
CASH FLOWS FROM OPERATING ACTIVITIES			
Net loss	$(30,553)	$ (3,521)	$(16,640)
Adjustments to reconcile net loss to cash flows from operating activities:			
Depreciation and amortization	79,325	85,982	81,303
Loss on disposal of fixed assets	1,497	3,177	504
Gain on sale of investment	(1,678)	--	--
Gain on sale/exchange of cable systems	--	(26,218)	(10,006)
Changes in assets and liabilities:			
Accounts receivable	(546)	(1,395)	(2,846)
Receivables from affiliates	(2,343)	(3,904)	(639)
Prepaid expenses	(677)	203	(251)
Other current assets	164	(106)	(10)
Deferred income taxes	(2,681)	1,623	(4,311)
Other non-current assets	1,088	(517)	(58)
Accounts payable and accrued liabilities	134	(2,073)	4,436
Deferred revenue	740	1,208	1,399
Payables to affiliates	(893)	373	469
Accrued interest	17,636	25,449	28,458
Deferred channel launch revenue	(1,155)	2,895	2,817
Cash flows from operating activities	60,058	83,176	84,625
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of property and equipment	(52,848)	(72,673)	(87,253)
Sale/exchange of cable systems	--	(398)	11,157
Proceeds from sale of investment	2,850	--	--
Intangible assets	(871)	(372)	(506)
Cash flows from investing activities	(50,869)	(73,443)	(76,602)
CASH FLOWS FROM FINANCING ACTIVITIES			
Net (distributions) contributions to/from parent	(1,949)	6,350	6,489
Net repayment of borrowings	(7,240)	(16,083)	(14,512)
Cash flows from financing activities	(9,189)	(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"). The Charter Transactions closed on October 1, 1999.

Specifically, ICP-IV and its affiliates sold 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 exchanged 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 exchanged 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 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 September 30, 1999 and December 31, 1998 and 1997 and the results of their operations and their cash flows for the nine months ended September 30, 1999 and the years ended December 31, 1998 and 1997. 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 the periods presented in the combined financial statements. 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. 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 and have been allocated to the Systems based upon the allocated

INTERMEDIA CABLE SYSTEMS
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NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED)
(DOLLARS IN THOUSANDS)

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 flows 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 combined financial statements present only the debt and related interest expense of RMG, which was 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. Installation fees are recognized immediately into revenue to the extent of direct selling costs incurred. Any fees in excess of such costs are deferred and amortized into income over the period that customers are expected to remain connected to the cable television system.

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.

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)

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 seventeen 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.

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.

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)

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.

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.

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:

	SEPTEMBER 30, 1999	DECEMBER 31, 1998
Franchise rights	$ 332,800	$ 332,157
Goodwill	58,505	58,505
Other	573	345
	391,878	391,007
Accumulated amortization	(177,696)	(135,651)
	$ 214,182	$ 255,356

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)

5. PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

	SEPTEMBER 30, 1999	DECEMBER 31, 1998
Land	$ 1,080	$ 1,068
Cable television plant	266,848	231,937
Building and improvements	5,546	5,063
Furniture and fixtures	3,509	3,170
Equipment and other	29,953	25,396
Construction-in-progress	22,999	18,065
	329,935	284,699
Accumulated depreciation	(101,259)	(66,234)
	$ 228,676	$ 218,465

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities consist of the following:

	SEPTEMBER 30, 1999	DECEMBER 31, 1998
Accounts payable	$ 4,793	$ 1,780
Accrued program costs	1,504	1,897
Accrued franchise fees	2,659	4,676
Accrued copyright fees	145	406
Accrued capital expenditures	1,355	5,215
Accrued payroll costs	2,746	1,784
Accrued property and other taxes	1,524	862
Other accrued liabilities	778	2,610
	$ 15,504	$ 19,230

7. NOTE PAYABLE TO INTERMEDIA PARTNERS IV, L.P.

RMG's note payable to IP-IV consists of the following:

	SEPTEMBER 30, 1999	DECEMBER 31, 1998
Intercompany revolving credit facility, $1,200,000 commitment as of September 30, 1999, interest currently at 6.60% payable on maturity, matures December 31, 2006	$406,975	$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 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.

On October 1, 1999, Charter assumed and repaid RMG's intercompany revolving credit facility pursuant to the Charter Transactions.

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 6.21% to 6.96% during the nine months ended September 30, 1999.

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.

8. MANDATORILY REDEEMABLE PREFERRED SHARES

RMG has Redeemable Preferred Stock outstanding at September 30, 1999 and December 31, 1998, 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. Pursuant to the terms of the Agreements, upon consummation of the Charter Transactions, Charter redeemed 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. Management fees charged to InterMedia for the nine months ended September 30, 1999 and the years ended December 31, 1998 and 1997 amounted to $4,059, $5,410 and $6,395, respectively, of which $2,356, $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. IMI also pays on behalf of the Systems and other affiliates "pass through costs" that are specifically identifiable to the Systems and other affiliates. These include, but are not limited to programming fees and copyright fees. During the nine months ended September 30, 1999 and the years ended December 31, 1998 and 1997, IMI administrative fees charged to the Systems totaled $3,093, $3,657 and $4,153, respectively. Receivables from affiliates at September 30, 1999 and December 31, 1998 include $5,873 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. Program fees charged by the AT&TBIS subsidiary to the Systems for the nine months ended September 30, 1999 and the years ended December 31, 1998 and 1997 amounted to $26,352, $30,884 and $26,815, respectively. Payables to affiliates include programming fees payable to the AT&TBIS subsidiary of $2,918 at December 31, 1998. There were no programming fees payable to the AT&TBIS subsidiary at September 30, 1999.

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 fees 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 from advertising sales above specified targets. Management fees charged by the AT&TBIS subsidiary for the nine months ended September 30, 1999 and the year ended December 31, 1998 amounted to $227 and $292, respectively. Receivables from affiliates at September 30, 1999 and December 31, 1998 include $2,034 and $3,437, respectively, of receivable 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. Receivables from affiliates at September 30, 1999 and December 31, 1998 include $59 and $2,134, respectively, of receivables from affiliated systems. Payables to affiliates at September 30, 1999 and December 31, 1998 include $2,265 and $208, 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.

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)

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 1999 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.

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 seventeen 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. The 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. The 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.

In the Spring of 1999 the Tennessee Department of Revenue ("TDOR") proposed legislation that was passed by the Tennessee State Legislature which replaced the former Amusement Tax with a new sales tax on all cable service revenues in excess of fifteen dollars per month effective September 1, 1999. The new tax is computed at a rate approximately equal to the former effective tax rate.

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)

Prior to the passage of this legislation, the TDOR suggested that under its interpretation of the former legislation it could assess, for prior periods up to three years, additional taxes on expanded basic service revenue. Management believes that based on subsequent correspondence with the TDOR that the TDOR will not pursue additional taxes under the former amusement tax legislation.

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 September 30, 1999 for the next five years and thereafter under non-cancelable operating leases related to the Systems are as follows:

1999	$ 169
2000	623
2001	580
2002	366
2003	252
2004 and thereafter	1,080
	$3,070

Rent expense, including pole rental agreements, for the nine months ended September 30, 1999 and for the years ended December 31, 1998 and 1997 was $2,243, $2,817 and $2,828, respectively.

12. INCOME TAXES

Income tax benefit (expense) consists of the following:

	NINE MONTHS ENDED SEPTEMBER 30, 1999	YEAR ENDED DECEMBER 31, 1998	YEAR ENDED DECEMBER 31, 1997
Current federal	$ --	$ --	$ (285)
Deferred federal	2,415	(1,454)	3,813
Deferred state	266	(169)	498
	$ 2,681	$(1,623)	$ 4,026

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)

Deferred income taxes relate to temporary differences as follows:

	SEPTEMBER 30, 1999	DECEMBER 31, 1998
Property and equipment	$ (7,425)	$ (7,258)
Intangible assets	(10,514)	(12,930)
	(17,939)	(20,188)
Loss carryforward -- federal	31,924	31,547
Loss carryforward -- state	341	297
Other	953	942
	$ 15,279	$ 12,598

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 (expense) computed at the statutory federal rate and the benefit (expense) reported in the accompanying combined statements of operations is as follows:

	NINE MONTHS ENDED SEPTEMBER 30, 1999	YEAR ENDED DECEMBER 31, 1998	YEAR ENDED DECEMBER 31, 1997
Tax benefit at federal statutory rate	$ 4,476	$ 626	$ 4,454
State taxes, net of federal benefit	522	73	498
Goodwill amortization	(1,675)	(2,309)	(2,056)
Realization of acquired tax benefit	--	--	346
Other	(642)	(13)	784
	$ 2,681	$ (1,623)	$ 4,026

13. 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 $434, $586 and $1,182 during the nine months ended September 30, 1999 and the years ended December 31, 1998 and 1997, respectively, for advertisements provided by the Systems to promote the new channels. The remaining amounts credited to the Systems are being amortized over the respective terms of the program agreements which range between five to ten years. For the nine months ended September 30, 1999 and the years ended December 31,

INTERMEDIA CABLE SYSTEMS
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NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED)
(DOLLARS IN THOUSANDS)

1998 and 1997, the Systems amortized and recorded as other service revenues $721, $956 and $894, respectively. Also, during 1998 the Systems recorded a receivable from a programmer, of which $853 and $1,791 remained outstanding at September 30, 1999 and December 31, 1998, respectively, for the launch and promotion of its new channel.

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 nine months ended September 30, 1999 and for the years ended December 31, 1998 and 1997 amounted to $750, $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 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

	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

	PERIOD FROM APRIL 1, 1998, THROUGH MAY 20, 1998
CASH FLOWS FROM OPERATING ACTIVITIES:	
Net income	$ 839,528
Adjustments to reconcile net loss to net cash provided by operating activities --	
Depreciation and amortization	1,112,057
Changes in assets and liabilities --	
Accounts receivable, net	49,980
Prepaid expenses and other	171,474
Accounts payable and accrued expenses	(1,479,682)
Net cash provided by operating activities	693,357
CASH FLOWS FROM INVESTING ACTIVITIES:	
Purchases of property, plant and equipment	(470,530)
Payments of franchise costs	(166,183)
Net cash used in investing activities	(636,713)
CASH FLOWS FROM FINANCING ACTIVITIES:	
Payments on long-term debt	(41,144)
Net cash used in financing activities	(41,144)
NET INCREASE IN CASH AND CASH EQUIVALENTS	15,500
CASH AND CASH EQUIVALENTS, beginning of period	532,238
CASH AND CASH EQUIVALENTS, end of period	$ 547,738

The accompanying notes are an integral part of this statement.

SONIC COMMUNICATIONS CABLE TELEVISION SYSTEMS

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

ORGANIZATION AND BASIS OF PRESENTATION

Sonic Communications Cable Television Systems (the Company) operates cable television systems in California and Utah.

Effective May 21, 1998, the Company's net assets were acquired by Charter Communications Holdings, LLC.

CASH EQUIVALENTS

The Company considers all highly liquid investments with original maturities of three months or less to be cash equivalents.

PROPERTY, PLANT AND EQUIPMENT

The Company depreciates its cable distribution systems using the straight-line method over estimated useful lives of 5 to 15 years for systems acquired on or after April 1, 1981. Systems acquired before April 1, 1981, are depreciated using the declining balance method over estimated useful lives of 8 to 20 years.

Vehicles, machinery, office, and data processing equipment and buildings are depreciated using the straight-line or declining balance method over estimated useful lives of 3 to 25 years. Capital leases and leasehold improvements are amortized using the straight-line or declining balance method over the shorter of the lease term or the estimated useful life of the asset.

INTANGIBLES

The excess of amounts paid over the fair values of tangible and identifiable intangible assets acquired in business combinations are amortized using the straight-line method over the life of the franchise. Identifiable intangible assets such as franchise rights, noncompete agreements and subscriber lists are amortized using the straight-line method over their useful lives, generally 3 to 15 years.

REVENUES

Cable television revenues from basic and premium services are recognized when the related services are provided.

Installation revenues are recognized to the extent of direct selling costs incurred. The remainder, if any, is deferred and amortized to income over the estimated average period that customers are expected to remain connected to the cable television system. As of May 20, 1998, no installation revenue has been deferred, as direct selling costs exceeded installation revenue.

INTEREST EXPENSE

Interest expense relates to a note payable to a stockholder of the Company, which accrues interest at 7.8% per annum.

USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported

amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

2. COMMITMENTS AND CONTINGENCIES:

FRANCHISES

The Company has committed to provide cable television services under franchise agreements with various governmental bodies for remaining terms up to 13 years. Franchise fees of up to 5% of gross revenues are payable under these agreements.

LEASES

The Company leases certain facilities and equipment under noncancelable operating leases. Leases and rental costs charged to expense for the period from April 1, 1998, through May 20, 1998, were $59,199.

The Company also rents utility poles in its operations. Generally, pole rentals are cancelable on short notice, but the Company anticipates that such rentals will recur. Rent expense incurred for pole rental attachments for the period from April 1, 1998, through May 20, 1998, was $64,159.

3. INCOME TAXES:

The results of the Company are included in the consolidated federal income tax return of its parent, Sonic Enterprises, Inc., which is responsible for tax payments applicable to the Company. The financial statements reflect a provision in lieu of income taxes as if the Company was filing on a separate company basis. Accordingly, the Company has included the provision in lieu of income taxes in the accompanying statement of operations.

The provision in lieu of income taxes approximates the amount of tax computed using U.S. statutory rates, after reflecting state income tax expense of $132,510 for the period from April 1, 1998, through May 20, 1998.

4. REGULATION IN THE CABLE TELEVISION INDUSTRY:

The cable television industry is subject to extensive regulation at the federal, local and, in some instances, state levels. The Cable Communications Policy Act of 1984 (the "1984 Cable Act"), the Cable Television Consumer Protection and Competition Act of 1992 (the "1992 Cable Act") and together with the 1984 Cable Act, the "Cable Acts"), and the Telecommunications Act of 1996 (the "1996 Telecom Act"), establish a national policy to guide the development and regulation of cable television systems. The Federal Communications Commission (FCC) has principal responsibility for implementing the policies of the Cable Acts. Many aspects of such regulation are currently the subject to judicial proceeding and administrative or legislative proposals. Legislation and regulations continue to change, and the Company cannot predict the impact of future developments on the cable television industry.

The 1992 Cable Act and the FCC's rules implementing that act generally have increased the administrative and operational expenses of cable television systems and have resulted in additional regulatory oversight by the FCC and local or state franchise authorities. The Cable Acts and the corresponding FCC regulations have established rate regulations.

SONIC COMMUNICATIONS CABLE TELEVISION SYSTEMS

NOTES TO FINANCIAL STATEMENTS -- (CONTINUED)

The 1992 Cable Act permits certified local franchising authorities to order refunds of basic service tier rates paid in the previous twelve-month period determined to be in excess of the maximum permitted rates. For the period from April 1, 1998, through May 20, 1998, the amount refunded by the Company has been insignificant. The Company may be required to refund additional amounts in the future.

The Company believes that it has complied in all material respects with the ownership of the 1992 Cable Act, including the rate setting provisions promulgated by the FCC. However, in jurisdictions that have chosen not to certify, refunds covering the previous twelve-month period may be ordered upon certification if the Company are unable to justify its basic rates. The Company is unable to estimate at this time the amount of refunds, if any, that may be payable by the Company in the event certain of its rates are successfully challenged by franchising authorities or found to be unreasonable by the FCC. The Company does not believe that the amount of any such refunds would have a material adverse effect on the financial position or results of operations of the Company.

The 1996 Telecom Act, among other things, immediately deregulated the rates for certain small cable operators and in certain limited circumstances rates on the basic service tier, and as of March 31, 1999, deregulates rates on the cable programming service tier (CPST). The FCC is currently developing permanent regulations to implement the rate deregulation provisions of the 1996 Telecom Act. The Company cannot predict the ultimate effect of the 1996 Telecom Act on the Company's financial position or results of operations.

The FCC may further restrict the ability of cable television operators to implement rate increases or the United States Congress may enact legislation that could delay or suspend the scheduled March 1999 termination of CPST rate regulation. This continued rate regulation, if adopted, could limit the rates charged by the Systems.

A number of states subject cable television systems to the jurisdiction of centralized state governmental agencies, some of which impose regulation of a character similar to that of a public utility. State governmental agencies are required to follow FCC rules when prescribing rate regulation, and thus, state regulation of cable television rates is not allowed to be more restrictive than the federal or local regulation.

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To Long Beach Acquisition Corp.:

We have audited the accompanying statements of operations, stockholder's equity and cash flows of Long Beach Acquisition Corp. (a Delaware corporation) for the period from April 1, 1997, through May 23, 1997. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the results of operations and cash flows of Long Beach Acquisition Corp. for the period from April 1, 1997, through May 23, 1997, in conformity with generally accepted accounting principles.

/s/ ARTHUR ANDERSEN LLP

St. Louis, Missouri,
July 31, 1998

LONG BEACH ACQUISITION CORP.

STATEMENT OF OPERATIONS
FOR THE PERIOD FROM APRIL 1, 1997, THROUGH MAY 23, 1997

SERVICE REVENUES	$ 5,313,282
EXPENSES:	
Operating costs	1,743,493
General and administrative	1,064,841
Depreciation and amortization	3,576,166
Management fees -- related parties	230,271
	6,614,771
Loss from operations	(1,301,489)
INTEREST EXPENSE	753,491
Net loss	$(2,054,980)

The accompanying notes are an integral part of this statement.

LONG BEACH ACQUISITION CORP.

STATEMENT OF STOCKHOLDER'S EQUITY
FOR THE PERIOD FROM APRIL 1, 1997, THROUGH MAY 23, 1997

	CLASS A, VOTING COMMON STOCK	SENIOR REDEEMABLE PREFERRED STOCK	ADDITIONAL PAID-IN CAPITAL	ACCUMULATED DEFICIT	TOTAL STOCKHOLDER'S EQUITY
BALANCE,					
April 1, 1997...........	$100	$11,000,000	$33,258,723	$(51,789,655)	$(7,530,832)
Net loss................	--	--	--	(2,054,980)	(2,054,980)
BALANCE,					
May 23, 1997............	$100	$11,000,000	$33,258,723	$(53,844,635)	$(9,585,812)

The accompanying notes are an integral part of this statement.

LONG BEACH ACQUISITION CORP.

STATEMENT OF CASH FLOWS
FOR THE PERIOD FROM APRIL 1, 1997, THROUGH MAY 23, 1997

CASH FLOWS FROM OPERATING ACTIVITIES:	
Net loss	$(2,054,980)
Adjustments to reconcile net loss to net cash provided by operating activities-	
Depreciation and amortization	3,576,166
Changes in assets and liabilities, net of effects from acquisition-	
Accounts receivable, net	(830,725)
Prepaid expenses and other	(19,583)
Accounts payable and accrued expenses	(528,534)
Other current liabilities	203,282
Net cash provided by operating activities	345,626
CASH FLOWS FROM INVESTING ACTIVITIES:	
Purchases of property, plant and equipment	(596,603)
Net cash used in investing activities	(596,603)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(250,977)
CASH AND CASH EQUIVALENTS, beginning of period	3,544,462
CASH AND CASH EQUIVALENTS, end of period	$ 3,293,485
CASH PAID FOR INTEREST	$ 1,316,462

The accompanying notes are an integral part of this statement.

LONG BEACH ACQUISITION CORP.

NOTES TO FINANCIAL STATEMENTS
MAY 23, 1997

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

ORGANIZATION AND BASIS OF PRESENTATION

Long Beach Acquisition Corp. (LBAC or the "Company") was a wholly owned corporation of KC Cable Associates, L.P., a partnership formed through a joint venture agreement between Kohlberg, Kravis, Roberts & Co. (KKR) and Cablevision Industries Corporation (CVI). The Company was formed to acquire cable television systems serving Long Beach, California, and surrounding areas.

On May 23, 1997, the Company executed a stock purchase agreement with Charter Communications Long Beach, Inc. (CC-LB) whereby CC-LB purchased all of the outstanding stock of the Company for an aggregate purchase price, net of cash acquired, of $150.9 million. Concurrent with this stock purchase, CC-LB was acquired by Charter Communications, Inc. (Charter) and Kelso Investment Associates V, L.P., an investment fund (Kelso).

As of May 23, 1997, LBAC provided cable television service to subscribers in southern California.

CASH AND CASH EQUIVALENTS

The Company considers all highly liquid investments with original maturities of three months or less to be cash equivalents.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment is recorded at cost, including all direct and certain indirect costs associated with the construction of cable transmission and distribution facilities, and the cost of new customer installation. The costs of disconnecting a customer are charged to expense in the period incurred. Expenditures for repairs and maintenance are charged to expense as incurred, and equipment replacement costs and betterments are capitalized.

Depreciation is provided on a straight-line basis over the estimated useful life of the related asset as follows:

Leasehold improvements	Life of respective lease
Cable systems and equipment	5-10 years
Subscriber devices	5 years
Vehicles	5 years
Furniture, fixtures and office equipment	5-10 years

FRANCHISES

Franchises include the assigned fair value of the franchise from purchased cable television systems. These franchises are amortized on a straight-line basis over six years, the remaining life of the franchise at acquisition.

INTANGIBLE ASSETS

Intangible assets include goodwill, which is amortized over fifteen years; subscriber lists, which are amortized over seven years; a covenant not to compete which is amortized over five

LONG BEACH ACQUISITION CORP.

NOTES TO FINANCIAL STATEMENTS -- (CONTINUED)

years; organization costs which are amortized over five years and debt issuance costs which are amortized over ten years, the life of the loan.

IMPAIRMENT OF ASSETS

If facts and circumstances suggest that a long-lived asset may be impaired, the carrying value is reviewed. If a review indicates that the carrying value of such asset is not recoverable based on projected undiscounted cash flows related to the asset over its remaining life, the carrying value of such asset is reduced to its estimated fair value.

REVENUES

Cable television revenues from basic and premium services are recognized when the related services are provided.

Installation revenues are recognized to the extent of direct selling costs incurred. The remainder, if any, is deferred and amortized to income over the average estimated period that customers are expected to remain connected to the cable television system. As of May 23, 1997, no installation revenue has been deferred, as direct selling costs have exceeded installation service revenues.

INCOME TAXES

LBAC's income taxes are recorded in accordance with SFAS No. 109, "Accounting for Income Taxes."

USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

2. STOCKHOLDER'S EQUITY:

For the period from April 1, 1997, through May 23, 1997, stockholder's equity consisted of the following:

Stockholder's (deficit) equity:	
Common stock -- Class A, voting $1 par value, 100 shares authorized, issued and outstanding	$ 100
Common stock -- Class B, nonvoting, $1 par value, 1,000 shares authorized, no shares issued	--
Senior redeemable preferred stock, no par value, 110,000 shares authorized, issued and outstanding, stated at redemption value	11,000,000
Additional paid-in capital	33,258,723
Accumulated deficit	(53,844,635)
Total stockholder's (deficit) equity	$ (9,585,812)

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.

REPORT OF INDEPENDENT AUDITORS

The Audit Committee
CHARTER COMMUNICATIONS, INC.

We have audited the accompanying combined balance sheets of Fanch Cable Systems Sold to Charter Communications, Inc. (comprised of components of TWFanch-one Co., components of TWFanch-two Co., Mark Twain Cablevision, North Texas Cablevision LTD., Post Cablevision of Texas L.P., Spring Green Communications L.P., Fanch Narragansett CSI L.P., Cable Systems Inc., ARH, and Tioga), as of November 11, 1999 and December 31, 1998, and the related combined statements of operations, net assets and cash flows for the period from January 1, 1999 through November 11, 1999 and for the years ended December 31, 1998 and 1997. These financial statements are the responsibility of Fanch Communications, Inc.'s management. Our responsibility is to express an opinion on these financial statements based on our audits. We did not audit the financial statements of North Texas Cablevision, LTD., Spring Green Communications L.P., Cable Systems Inc. and Fanch Narragansett CSI Limited Partnership, which statements reflect total assets of $18,289,788 as of December 31, 1998 and total revenues of $14,562,704 and $11,906,101 for the years ended December 31, 1998 and 1997. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to data included for North Texas Cablevision LTD., Spring Green Communications L.P., Cable Systems Inc. and Fanch Narragansett CSI Limited Partnership, is based solely on the reports of the other auditors.

We conducted our audits in accordance with auditing standards generally accepted in the United States. 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, based on our audits and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the combined financial position of Fanch Cable Systems Sold to Charter Communications, Inc. at November 11, 1999 and December 31, 1998, and the combined results of its operations and its cash flows for the period from January 1, 1999 through November 11, 1999 and the years ended December 31, 1998 and 1997 in conformity with accounting principles generally accepted in the United States.

/s/ ERNST & YOUNG LLP

Denver, Colorado
January 28, 2000

REPORT OF INDEPENDENT AUDITORS

The Shareholders
CABLE SYSTEMS, INC.

The Partners
FANCH NARRAGANSETT CSI LIMITED PARTNERSHIP

We have audited the accompanying balance sheets of Cable Systems, Inc. and Fanch Narragansett CSI Limited Partnership as of December 31, 1998 and 1997, and the related statements of operations and cash flows for the years then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these 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 audits provide a reasonable basis for our opinion.

The accompanying combined financial statements have been prepared pursuant to Section 5.04(a) of the Loan Agreement between Cable Systems, Inc., Fanch Narragansett CSI Limited Partnership and Fleet National Bank. Generally accepted accounting principles do not recognize consolidated financial statements when a less than 50% ownership ratio exists between two companies. As a result, our opinion is restricted to the individual company statements shown.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Cable Systems, Inc. and Fanch Narragansett CSI Limited Partnership at December 31, 1998 and 1997, and the results of its operations and cash flows for the year then ended in conformity with generally accepted accounting principles.

/s/ SHIELDS & CO.

March 9, 1999
Englewood, Colorado

REPORT OF INDEPENDENT AUDITORS

The Partners
NORTH TEXAS CABLEVISION, LTD.

We have audited the accompanying consolidated balance sheets of North Texas Cablevision, Ltd. as of December 31, 1998 and 1997, and the related consolidated statements of operations and partners' deficit and cash flows for the years then ended. 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 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 North Texas Cablevision, Ltd. at December 31, 1998 and 1997, and the results of its operations and its cash flows for the years then ended in conformity with generally accepted accounting principles.

/s/ SHIELDS & CO.

March 9, 1999
Englewood, Colorado

REPORT OF INDEPENDENT AUDITORS

The Partners
SPRING GREEN COMMUNICATIONS, L.P.

We have audited the accompanying balance sheet of Spring Green Communications, L.P. as of December 31, 1998 and 1997, and the related statements of operations and partners' capital and cash flows from inception November 3, 1997, through December 31, 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 Spring Green Communications, L.P. at December 31, 1998 and 1997, and the results of its operations and its cash flows for the periods ended December 31, 1997, and 1998 in conformity with generally accepted accounting principles.

/s/ SHIELDS & CO.

March 10, 1999
Englewood, Colorado

FANCH CABLE SYSTEMS SOLD TO CHARTER COMMUNICATIONS, INC.
COMBINED BALANCE SHEETS

	NOVEMBER 11, 1999	DECEMBER 31, 1998
ASSETS		
Current assets:		
Cash and cash equivalents	$ 568,583	$ 809,720
Accounts receivable, less allowance for doubtful accounts of approximately $229,000 and $443,000 in 1999 and 1998, respectively	7,424,375	3,236,751
Prepaid expenses and other current assets	1,529,577	1,645,785
Total current assets	9,522,535	5,692,256
Property, plant and equipment:		
Transmission and distribution systems and related equipment	325,687,737	200,526,755
Furniture and equipment	13,704,415	8,389,207
	339,392,152	208,915,962
Less accumulated depreciation	(73,807,164)	(52,484,281)
Net property, plant and equipment	265,584,988	156,431,681
Goodwill, net of accumulated amortization of approximately $85,370,000 and $63,030,000 in 1999 and 1998, respectively	515,312,398	266,776,690
Subscriber lists, net of accumulated amortization of approximately $28,168,000 and $15,024,000 in 1999 and 1998, respectively	67,444,869	17,615,056
Other intangible assets, net of accumulated amortization of approximately $17,157,000 and $14,411,000 in 1999 and 1998, respectively	12,032,316	11,482,409
Total intangible assets	594,789,583	295,874,155
Other assets	--	1,050,815
Total assets	$869,897,106	$459,048,907
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable and other accrued liabilities	$ 7,065,436	$ 13,630,205
Subscriber advances and deposits	5,492,869	2,033,992
Total current liabilities	12,558,305	15,664,197
Net assets	857,338,801	443,384,710
Total liabilities and net assets	$869,897,106	$459,048,907

See accompanying notes.

FANCH CABLE SYSTEMS SOLD TO CHARTER COMMUNICATIONS, INC.
COMBINED STATEMENTS OF OPERATIONS

	PERIOD FROM JANUARY 1 TO NOVEMBER 11,	YEAR ENDED DECEMBER 31,	
	1999	1998	1997
Revenues:			
Service	$165,967,333	$123,183,391	$113,954,539
Installation and other	19,948,268	17,920,743	16,587,074
	185,915,601	141,104,134	130,541,613
Operating expenses, excluding depreciation and amortization	58,504,674	42,616,007	40,346,214
Selling, general and administrative expenses	27,071,932	20,361,890	21,363,377
	85,576,606	62,977,897	61,709,591
Income before other expenses	100,338,995	78,126,237	68,832,022
Other expenses:			
Depreciation and amortization	62,097,138	45,885,038	61,502,426
Management fees	6,161,558	3,998,259	3,663,561
Loss (gain) on disposal of assets	8,135,954	6,420,250	(1,229,272)
Other (income) expense, net	(340,049)	313,693	232,102
Net income before tax expense	24,284,394	21,508,997	4,663,205
Income tax expense	197,334	286,451	2,260,369
Net income	$ 24,087,060	$ 21,222,546	$ 2,402,836

See accompanying notes.

FANCH CABLE SYSTEMS SOLD TO CHARTER COMMUNICATIONS, INC.

COMBINED STATEMENTS OF NET ASSETS

	PERIOD FROM JANUARY 1 TO NOVEMBER 11, 1999	YEAR ENDED DECEMBER 31, 1998	1997
Net assets at beginning of period	$443,384,710	$455,085,231	$481,540,621
Net income	24,087,060	21,222,546	2,402,836
Contributions from (payments to) owners	389,867,031	(32,923,067)	(28,858,226)
Net assets at end of period	$857,338,801	$443,384,710	$455,085,231

See accompanying notes.

FANCH CABLE SYSTEMS SOLD TO CHARTER COMMUNICATIONS, INC.

COMBINED STATEMENTS OF CASH FLOWS

	PERIOD FROM JANUARY 1 TO NOVEMBER 11, 1999	YEAR ENDED DECEMBER 31, 1998	YEAR ENDED DECEMBER 31, 1997
OPERATING ACTIVITIES			
Net income	$ 24,087,060	$ 21,222,546	$ 2,402,836
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	62,097,138	45,885,038	61,502,426
Loss (gain) on disposal of assets	8,135,954	6,420,250	(1,229,272)
(Increase) decrease in accounts receivable, prepaid expenses and other current assets	(3,020,601)	(2,053,483)	2,067,370
(Decrease) increase in accounts payable and other accrued liabilities and subscriber advances and deposits	(3,105,892)	1,434,091	(4,676,441)
Net cash provided by operating activities	88,193,659	72,908,442	60,066,919
INVESTING ACTIVITIES			
Acquisition of systems	(413,345,351)	--	(18,243,593)
Purchases of property, plant and equipment	(64,956,476)	(39,343,681)	(17,213,637)
Additions to intangibles, net	--	(909,674)	(1,116,251)
Proceeds from sale of equipment	--	103,028	5,337,321
Net cash used in investing activities	(478,301,827)	(40,150,327)	(31,236,160)
FINANCING ACTIVITIES			
Contributions from (payments to) owners	389,867,031	(32,923,067)	(28,858,226)
Net cash provided by (used in) financing activities	389,867,031	(32,923,067)	(28,858,226)
Net change in cash and cash equivalents	(241,137)	(164,952)	(27,467)
Cash and cash equivalents at beginning of year	809,720	974,672	1,002,139
Cash and cash equivalents at end of year	$ 568,583	$ 809,720	$ 974,672

See accompanying notes.

FANCH CABLE SYSTEMS SOLD TO CHARTER COMMUNICATIONS, INC.

NOTES TO COMBINED FINANCIAL STATEMENTS

NOVEMBER 11, 1999

1. BASIS OF PRESENTATION

ACQUISITION BY CHARTER COMMUNICATIONS, INC. AND BASIS OF PRESENTATION

The Fanch Cable Systems Sold to Charter Communications, Inc. are comprised of the following entities: components of TWFanch-one Co., components of TWFanch-two Co., Mark Twain Cablevision, North Texas Cablevision LTD., Post Cablevision of Texas L.P., Spring Green Communications L.P., Fanch Narragansett CSI L.P., Cable Systems Inc., ARH, and Tioga (the "Combined Systems"). The Combined Systems were managed by Fanch Communications, Inc. (the "Management Company").

Pursuant to a purchase agreement, dated May 12, 1999 between certain partners ("Partners") of the Combined Systems and Charter Communications, Inc. ("Charter"), the Partners of the Combined Systems entered into a distribution agreement whereby the Partners will distribute and/or sell certain of their cable 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.

Accordingly, these combined financial statements of the Combined Systems reflect the "carved out" 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 Combined Systems' centralized cash management system, the cash requirements of its individual operating units were generally subsidized by the Management Company and the cash generated or used by the individual operating units was transferred to/from the Management Company, as appropriate, through the use of intercompany accounts. The resulting intercompany account balances are included in net assets and all the net cash generated from (used in) operations, investing activities and financing activities has been included in the

FANCH CABLE SYSTEMS SOLD TO CHARTER COMMUNICATIONS, INC.

NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED)

1. BASIS OF PRESENTATION (CONTINUED)

Combined Systems' net contributions by (payments to) the Management Company in the combined statements of cash flows. The Management Company maintains external debt to fund and manage operations on a centralized basis. Debt, unamortized loan costs and interest expense of the Management Company 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:

	LIVES
Transmission and distribution systems and related equipment	3 to 20 years
Furniture and equipment	4 to 8 1/2 years

INCOME TAXES

The Combined Systems pay an immaterial amount of income taxes. Taxes are paid for Cable Systems, Inc., Hornell, ARH, Tioga, and systems operating in the State of Michigan. The majority of the Combined Systems are 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. Revenues on long-term contracts are recognized over the term of the contract using the straight-line method.

FANCH CABLE SYSTEMS SOLD TO CHARTER COMMUNICATIONS, INC.

NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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	7 to 20 years (7 to 10 in 1997)
Subscriber list	3 to 7 years
Other, including franchise costs	2 to 13 years

Amortization expense was $38,229,923, $25,955,253, and $44,595,992 for the period from January 1, 1999 to November 11, 1999 and for the years ended December 31, 1998 and 1997, respectively. Certain of the Combined Systems changed the estimated useful life of goodwill from 7 and 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.

3. DISPOSAL OF ASSETS

During the periods presented, various upgrades were performed on certain plant locations. The cost and accumulated depreciation applicable to the plant replaced has been estimated and recorded as a loss on disposal, which is summarized as follows:

	PERIOD FROM JANUARY 1 TO NOVEMBER 11	YEAR ENDED DECEMBER 31	
	1999	1998	1997
Cost	$12,238,388	$8,606,851	$ 5,529,505
Accumulated depreciation	(4,102,434)	(2,083,573)	(2,003,191)
Proceeds	--	(103,028)	(5,337,321)
Disposal of intangible assets	--	--	2,978,143
Accumulated amortization	--	--	(2,396,408)
Loss (gain) on disposal	$ 8,135,954	$6,420,250	$(1,229,272)

4. PURCHASE AND SALE OF SYSTEMS

On March 30, 1997, the Combined Systems acquired cable television systems, including plant and franchise and business licenses, serving communities in the states of Pennsylvania and Virginia. The purchase price was $1.4 million, 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 and franchise and business licenses, for $340,000. No gain or loss on this transaction was recorded.

On June 30, 1997, the Combined Systems acquired cable television systems, including plant and franchise and business licenses, serving communities in the State of Indiana. The purchase price was $6,345,408, of which $2,822,260 was allocated to property, plant and equipment and $3,523,148 was allocated to intangible assets.

4. PURCHASE AND SALE OF SYSTEMS (CONTINUED)

On November 3, 1997, the Combined Systems acquired substantially all of the assets, including franchise and business licenses, for cable systems serving various communities in Wisconsin. The purchase price was $8.7 million, of which $3.9 million was allocated to property, plant and equipment and $4.8 million was allocated to intangible assets.

On June 12, 1998, the Combined Systems entered into an agreement to acquire cable television systems, including plant and franchise and business licenses, 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. The Combined Systems recorded approximately $11.7 million in property, plant and equipment and approximately $30.3 million in intangible assets.

On July 8, 1998, the Combined Systems entered into an Asset Purchase Agreement to acquire cable television systems, including plant and franchise and business licenses, 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. The Combined Systems recorded approximately $39 million to property, plant and equipment and approximately $209 million to intangible assets.

On January 15, 1999, the Combined Systems entered into an agreement to acquire cable television systems, including plant and franchise 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. The Combined Systems recorded approximately $14.4 million to property, plant and equipment and approximately $55.6 million to intangible assets.

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. The Combined Systems recorded approximately $3.9 million to property, plant and equipment and approximately $46.1 million to intangible assets.

Unaudited pro forma operating results as though the acquisitions discussed above had occurred at the beginning of the periods, with adjustments to give effect to amortization of franchises and certain other adjustments for the period, are as follows:

	PERIOD FROM JANUARY 1 TO NOVEMBER 11 1999	YEAR ENDED DECEMBER 31 1998
Revenues	$202,259,532	$197,803,975
Income from operations	92,986,581	107,053,905
Net income	27,704,095	32,130,293

4. PURCHASE AND SALE OF SYSTEMS (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.

5. RELATED PARTIES

The Combined Systems have entered into management agreements with the Management Company whose sole stockholder is affiliated with several of the Combined Systems. The Combined Systems have also entered into a management agreement with an entity (the "Affiliated Company") that has ownership interest in certain of the Combined Systems. The agreements provide that the Management Company and the Affiliated Company will manage their respective systems and receive annual compensation equal to 2.5% to 5% of the gross revenues from operations from their respective systems. Management fees were $6,161,558, $4,072,179, and $3,663,560 for the period from January 1, 1999 to November 11, 1999 and the years ended December 31, 1998 and 1997, respectively.

A company affiliated with the Management Company 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 $362,000, $507,000, and $535,000 for the period from January 1, 1999 to November 11, 1999 and the years ended December 31, 1998 and 1997, respectively.

The Combined Systems purchase the majority of their programming through the Affiliated Company. Fees incurred for programming were approximately $38,356,000, $24,600,000, and $22,200,000 for the period from January 1, 1999 to November 11, 1999 and the years ended December 31, 1998 and 1997, respectively.

The Management Company pays amounts on behalf of and receives 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 Management Company.

6. COMMITMENTS

The Combined Systems, as an integral part of their cable operations, have 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 period from January 1, 1999 to November 11, 1999 and the years ended December 31, 1998 and 1997 was approximately $3,110,000, $2,462,866, and $2,238,394, respectively. The majority of these agreements are on month-to-month arrangements and, accordingly, the Combined Systems have no material future minimum commitments related to these leases.

7. EMPLOYEE BENEFIT PLAN

The Combined Systems 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 $497,000, $354,000, and $297,000 for the period from January 1, 1999 to November 11, 1999 and the years ended December 31, 1998 and 1997, respectively.

REPORT OF INDEPENDENT AUDITORS

Partners
Falcon Communications, L.P.

We have audited the accompanying consolidated balance sheets of Falcon Communications, L.P. as of December 31, 1998 and November 12, 1999, and the related consolidated statements of operations, partners' equity (deficit) and cash flows for each of the two years in the period ended December 31, 1998 and for the period from January 1, 1999 to November 12, 1999 (date of disposition). 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 auditing standards generally accepted in the United States. 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. at December 31, 1998 and November 12, 1999 and the consolidated results of its operations and its cash flows for each of the two years in the period ended December 31, 1998 and for the period from January 1, 1999 to November 12, 1999 (date of disposition), in conformity with accounting principles generally accepted in the United States.

/s/ ERNST & YOUNG LLP

Los Angeles, California
March 2, 2000

FALCON COMMUNICATIONS, L.P.

CONSOLIDATED BALANCE SHEETS

	DECEMBER 31, 1998	NOVEMBER 12, 1999 (DATE OF DISPOSITION)
	(DOLLARS IN THOUSANDS)	
ASSETS:		
Cash and cash equivalents	$ 14,284	$ 9,995
Receivables:		
Trade, less allowance of $670,000 and $1,074,000 for possible losses	15,760	18,946
Affiliates	2,322	3,511
Other assets	16,779	33,456
Property, plant and equipment, less accumulated depreciation and amortization	505,894	553,851
Franchise cost, less accumulated amortization of $226,526,000 and $269,752,000	397,727	370,461
Goodwill, less accumulated amortization of $25,646,000 and $31,636,000	135,308	130,581
Customer lists and other intangible costs, less accumulated amortization of $59,422,000 and $127,314,000	333,017	273,851
Deferred loan costs, less accumulated amortization of $2,014,000 and $3,137,000	24,331	22,623
	$1,445,422	$1,417,275
LIABILITIES AND PARTNERS' DEFICIT		
LIABILITIES:		
Notes payable	$1,611,353	$1,711,835
Accounts payable	10,341	16,790
Due to affiliate	--	15,202
Accrued expenses	83,077	56,160
Customer deposits and prepayments	2,257	8,070
Deferred income taxes	8,664	8,393
Minority interest	403	541
TOTAL LIABILITIES	1,716,095	1,816,991
COMMITMENTS AND CONTINGENCIES		
REDEEMABLE PARTNERS' EQUITY	133,023	424,280
PARTNERS' EQUITY (DEFICIT):		
General partners	(408,369)	(826,681)
Limited partners	4,673	2,685
TOTAL PARTNERS' DEFICIT	(403,696)	(823,996)
	$1,445,422	$1,417,275

See accompanying notes to consolidated financial statements.

FALCON COMMUNICATIONS, L.P.

CONSOLIDATED STATEMENTS OF OPERATIONS

	YEAR ENDED DECEMBER 31, 1997	YEAR ENDED DECEMBER 31, 1998	PERIOD FROM JANUARY 1, 1999 TO NOVEMBER 12, 1999 (DATE OF DISPOSITION)
	(DOLLARS IN THOUSANDS)		
REVENUES	$255,886	$ 307,558	$ 371,617
EXPENSES:			
Service costs	75,643	97,832	125,246
General and administrative expenses	46,437	63,401	139,462
Depreciation and amortization	118,856	152,585	196,260
Total expenses	240,936	313,818	460,968
Operating income (loss)	14,950	(6,260)	(89,351)
OTHER INCOME (EXPENSE):			
Interest expense, net	(79,137)	(102,591)	(114,993)
Equity in net income (loss) of investee partnerships	443	(176)	(41)
Other income (expense), net	885	(2,917)	8,062
Income tax benefit (expense)	2,021	(1,897)	(2,509)
Net loss before extraordinary item	(60,838)	(113,841)	(198,832)
Extraordinary item, retirement of debt	--	(30,642)	--
NET LOSS	$(60,838)	$(144,483)	$(198,832)

See accompanying notes to consolidated financial statements.

FALCON COMMUNICATIONS, L.P.

CONSOLIDATED STATEMENTS OF PARTNERS' EQUITY (DEFICIT)

	GENERAL PARTNERS	LIMITED PARTNERS	TOTAL
	(DOLLARS IN THOUSANDS)		
PARTNERS' DEFICIT, January 1, 1997	$ (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' EQUITY (DEFICIT) December 31, 1998	(408,369)	4,673	(403,696)
Reclassification to redeemable partners' equity	(291,257)	--	(291,257)
Capital contributions	70,723	--	70,723
Acquisition of TCI net assets adjustment	(934)	--	(934)
Net loss for period	(196,844)	(1,988)	(198,832)
PARTNERS' EQUITY (DEFICIT) November 12, 1999	$ (826,681)	$ 2,685	$ (823,996)

See accompanying notes to consolidated financial statements.

FALCON COMMUNICATIONS, L.P.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	YEAR ENDED DECEMBER 31, 1997	YEAR ENDED DECEMBER 31, 1998	PERIOD FROM JANUARY 1, 1999 TO NOVEMBER 12, 1999 (DATE OF DISPOSITION)
	(DOLLARS IN THOUSANDS)		
Cash flows from operating activities:			
Net loss	$(60,838)	$ (144,483)	$ (198,832)
Adjustments to reconcile net loss to net cash provided by operating activities:			
Payment-in-kind interest expense	20,444	--	--
Amortization of debt discount	--	19,342	24,103
Depreciation and amortization	118,856	152,585	196,260
Amortization of deferred loan costs	2,192	2,526	1,782
Compensation funded by Managing General Partner	--	--	70,723
Write-off deferred loan costs	--	10,961	(4)
Gain on sale of cable system	--	--	(11,069)
Casualty (gain) loss	(3,476)	(314)	69
Equity in net (income) loss of investee partnerships	(443)	176	41
Provision for losses on receivables, net of recoveries	5,714	4,775	4,510
Deferred income taxes	(2,748)	1,111	(271)
Other	1,319	278	348
Increase (decrease) from changes in:			
Receivables	(9,703)	(1,524)	(6,114)
Other assets	(4,021)	906	(7,194)
Accounts payable	(1,357)	337	6,450
Accrued expenses and due to affiliate	13,773	24,302	(11,634)
Customer deposits and prepayments	(175)	633	5,813
Net cash provided by operating activities	79,537	71,611	74,981
Cash flows from investing activities:			
Capital expenditures	(76,323)	(96,367)	(126,548)
Increase in intangible assets	(1,770)	(7,124)	(3,344)
Acquisitions of cable television systems	--	(83,391)	(27,161)
Cash acquired in connection with the acquisition of TCI and Falcon Video Communications, L.P	--	317	--
Proceeds from sale of cable system	--	--	3,178
Assets retained by the Managing General Partner	--	(3,656)	--
Other	1,806	1,893	(1,871)
Net cash used in investing activities	(76,287)	(188,328)	(155,746)
Cash flows from financing activities:			
Borrowings from notes payable	37,500	2,388,607	1,153,250
Repayment of debt	(40,722)	(2,244,752)	(1,076,871)
Deferred loan costs	(29)	(25,684)	(70)
Capital contributions	93	--	--
Redemption of partners' interests	--	(1,170)	--
Minority interest capital contributions	192	83	167
Net cash provided by (used in) financing activities	(2,966)	117,084	76,476

	YEAR ENDED DECEMBER 31, 1997	YEAR ENDED DECEMBER 31, 1998	PERIOD FROM JANUARY 1, 1999 TO NOVEMBER 12, 1999 (DATE OF DISPOSITION)
	(DOLLARS IN THOUSANDS)		
Increase (decrease) in cash and cash equivalents	284	367	(4,289)
Cash and cash equivalents, at beginning of period	13,633	13,917	14,284
Cash and cash equivalents, at end of period	$ 13,917	$ 14,284	$ 9,995

See accompanying notes to consolidated financial statements.

FALCON COMMUNICATIONS, L.P.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 -- SUMMARY OF ACCOUNTING POLICIES

FORM OF PRESENTATION

Falcon Communications, L.P. ("FCLP"), a California limited partnership (the "Partnership") and successor to Falcon Holding Group, L.P. ("FHGLP"), owned and operated cable television systems serving small to medium-sized communities and the suburbs of certain cities in 23 states through November 12, 1999. 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"), 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, Tele-Communications, Inc. held approximately 46% of the equity interest of the Partnership and FHGLP owned the remaining 54% and served 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. 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 a general partner of FCLP as a result of a merger.

On November 12, 1999, Charter Communications Holding Company, LLC ("Charter") acquired the Partnership in a cash and stock transaction valued at approximately $3.6 billion, including assumption of liabilities. Upon closing of the transaction, the Partnership was merged with CC VII Holdings, LLC, a Delaware limited liability company and successor to FCLP.

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. Such statements reflect balances immediately prior to the acquisition transaction. The assets contributed by FHGLP in 1998 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. On November 12, 1999, Charter acquired ECC.

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,

NOTE 1 -- SUMMARY OF ACCOUNTING POLICIES -- (CONTINUED)

the Falcon Classic Systems were acquired by FHGLP during 1998. The Falcon Video Systems were acquired on September 30, 1998 in connection with the TCI Transaction. As a result of these transactions, the Affiliated Partnerships consist solely of the Enstar partnerships from October 1, 1998 forward.

All significant intercompany accounts and transactions have been eliminated in consolidation. The consolidated financial statements do not give effect to any assets that the partners may have outside their interests in the Partnership, nor to any obligations, including income taxes, of the partners.

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, 1997 and 1998 included $4.5 million and $345,000 of investments in commercial paper and short-term investment funds of major financial institutions. There were no such cash equivalents at November 12, 1999.

INVESTMENTS IN AFFILIATED PARTNERSHIPS

Prior to closing the TCI Transaction, the Partnership was the general partner of certain entities, which in turn acted as general partner of the Affiliated Partnerships. The Partnership's effective ownership interests in the Affiliated Partnerships were less than one percent. The Affiliated Partnerships were accounted for using the equity method of accounting. Equity in net losses were recorded to the extent of the investments in and advances to the partnerships plus obligations for which the Partnership, as general partner, was responsible. The liabilities of the Affiliated Partnerships, other than amounts due the Partnership, principally consisted of debt for borrowed money and related accrued interest. The Partnership's ownership interests in the Affiliated Partnerships were eliminated in 1998 with the acquisition of Falcon Video and Falcon Classic and the retention by FHGLP of its interests in the Enstar partnerships.

PROPERTY, PLANT, EQUIPMENT AND DEPRECIATION AND AMORTIZATION

Property, plant and equipment are stated at cost. Direct costs associated with installations in homes not previously served by cable are capitalized as part of the distribution system, and reconnects are expensed as incurred. For financial reporting, depreciation and amortization is computed using the straight-line method over the following estimated useful lives.

CABLE TELEVISION SYSTEMS:	
Headend buildings and equipment	10-16 years
Trunk and distribution	5-15 years
Microwave equipment	10-15 years
OTHER:	
Furniture and equipment	3-7 years
Vehicles	3-10 years
Leasehold improvements	Life of lease

FALCON COMMUNICATIONS, L.P.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

NOTE 1 -- SUMMARY OF ACCOUNTING POLICIES -- (CONTINUED)

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.

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 was 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

FALCON COMMUNICATIONS, L.P.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

NOTE 1 -- SUMMARY OF ACCOUNTING POLICIES -- (CONTINUED)

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.

INCOME TAXES

The Partnership and its subsidiaries, except for Falcon First, Inc., 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 November 12, 1999, the book basis of the Partnership's net assets exceeded its tax basis by $623 million.

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.

NOTE 2 -- PARTNERSHIP MATTERS

The Amended and Restated Agreement of Limited Partnership of FCLP ("FCLP Partnership Agreement") provided that profits and losses will be allocated, and distributions will be made, in proportion to the partners' percentage interests. Prior to November 13, 1999, FHGLP was the managing general partner and a limited partner and owned a 54% interest in FCLP, and Tele-Communications, Inc. was a general partner and owned a 46% interest. The partners' percentage interests were 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.

Through the closing of the sale to Charter, FCLP was required, under certain circumstances, on or after April 1, 2006, to purchase the interests of the non-management limited partners of FHGLP at their then fair value. The estimated redemption value at December 31, 1998 was $133 million and was reflected in the consolidated financial statements as redeemable partners' equity. Such amount was determined based on management's estimate of the relative fair value of such interests under then current market conditions. These limited partners were redeemed from their portion of the Charter sale proceeds as of November 12, 1999 for $424 million, which amount is shown as redeemable partners' equity at that date.

The Partnership assumed the obligations of FHGLP under the 1993 Incentive Performance Plan (the "Incentive Performance Plan"), but FHGLP funded this obligation from its portion of the Charter sale proceeds. See Note 8.

NOTE 3 -- ACQUISITIONS AND SALES

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.

Sources and uses of funds for each of the transactions were as follows:

	TCI SYSTEMS	FALCON CLASSIC SYSTEMS	FALCON VIDEO 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, 1997	YEAR ENDED DECEMBER 31, 1998
	(DOLLARS IN THOUSANDS)	
Revenues	$ 424,994	$ 426,827
Expenses	(438,623)	(444,886)
Operating loss	(13,629)	(18,059)
Interest and other expenses	(115,507)	(130,632)
Loss before extraordinary item	$(129,136)	$(148,691)

NOTE 3 -- ACQUISITIONS AND SALES -- (CONTINUED)

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
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 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.

In January 1999, the Partnership acquired the assets of certain cable systems serving approximately 591 customers in Oregon for $801,000. On March 15, 1999, the Partnership acquired the assets of certain cable systems serving approximately 7,928 customers in Utah for $6.8 million. 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 $8.5 million. The Franklin system serves approximately 9,042 customers and the Scottsburg systems served approximately 4,507 customers. On July 30, 1999, the Partnership acquired the assets of certain cable systems serving approximately 6,500 customers in Oregon for $9.5 million.

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., which 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 $3.0 million and

NOTE 3 -- ACQUISITIONS AND SALES -- (CONTINUED)
recognized a gain of $2.4 million. The effects of these transactions on results of operations are not material.

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 8.375% Senior Debentures and 9.285% Senior Discount Debentures is based on quoted market prices for those issues of debt as of December 31, 1998. The fair value at December 31, 1999 is based on the redemption amounts paid by Charter to retire the obligations after the acquisition by Charter. 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:

	DECEMBER 31, 1998		NOVEMBER 12, 1999	
	CARRYING VALUE	FAIR VALUE	CARRYING VALUE	FAIR VALUE
	(DOLLARS IN THOUSANDS)			
Cash and cash equivalents	$ 14,284	$ 14,284	$ 9,995	$ 9,995
Notes payable (Note 6):				
8.375% Senior Debentures	375,000	382,500	375,000	378,750
9.285% Senior Discount Debentures	294,982	289,275	319,085	321,459
Bank credit facilities	926,000	926,000	1,017,750	1,017,750
Other Subordinated Notes	15,000	16,426	--	--
Other	371	371	--	--

	NOTIONAL AMOUNT	FAIR VALUE	NOTIONAL AMOUNT	FAIR VALUE
Interest Rate Hedging Agreements (Note 6):				
Interest rate swaps	$1,534,713	$ (22,013)	$1,279,713	$ 22,518

NOTE 4 -- DISCLOSURES ABOUT FAIR VALUE OF FINANCIAL INSTRUMENTS -- (CONTINUED)

The carrying value of interest rate swaps was a net obligation of $9.3 million at December 31, 1998 and $9 million at November 12, 1999. See Note 6(e). The amount of debt on which current interest expense has been affected is $960 million and $745 million for swaps at December 31, 1998 and November 12, 1999, respectively. The balance of the contract totals presented above reflects contracts entered into as of November 12, 1999 which do not become effective until existing contracts expire.

NOTE 5 -- PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consist of:

	DECEMBER 31, 1998	NOVEMBER 12, 1999
	(DOLLARS IN THOUSANDS)	
Cable television systems	$765,641	$862,889
Furniture and equipment	25,576	29,514
Vehicles	18,381	19,835
Land, buildings and improvements	16,505	16,568
	826,103	928,806
Less accumulated depreciation and amortization	(320,209)	(374,955)
	$505,894	$553,851

NOTE 6 -- NOTES PAYABLE

Notes payable consist of:

	DECEMBER 31, 1998	NOVEMBER 12, 1999
	(DOLLARS IN THOUSANDS)	
FCLP Only:		
8.375% Senior Debentures(a)	$ 375,000	$ 375,000
9.285% Senior Discount Debentures, less unamortized discount(a)	294,982	319,085
Owned Subsidiaries:		
Credit Facility(b)	926,000	--
Amended and Restated Credit Agreement(c)	--	1,017,750
Other subordinated notes(d)	15,000	--
Other	371	--
	$1,611,353	$1,711,835

(a) 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.

NOTE 6 -- NOTES PAYABLE -- (CONTINUED)

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 and $116.2 at November 12, 1999, respectively. 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.

(b) CREDIT FACILITY

On June 30, 1998, the Partnership entered into a $1.5 billion senior credit facility (the "Credit Facility") which replaced its earlier credit facility and provided funds for the closing of the TCI Transaction. See Note 1. The borrowers under the 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 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 Credit Facility.

The Credit Facility consisted 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 Partnership's earlier credit facility 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 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 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.

NOTE 6 -- NOTES PAYABLE -- (CONTINUED)

(c) AMENDED AND RESTATED CREDIT AGREEMENT

On November 12, 1999, the Partnership amended the Credit Facility with the Amended and Restated Credit Agreement (the "Amended Agreement") providing for a $1.85 billion senior credit facility. The Amended Agreement consists of four committed facilities (two revolvers and two term loans) and one uncommitted $590 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 $646 million revolving credit facility maturing December 29, 2006; Facility B is a $200 million term loan maturing June 29, 2007; Facility C is a $300 million term loan maturing December 31, 2007; and Facility D is a $110 million supplemental revolving credit facility maturing on December 31, 2007. As a result of borrowings, the amount outstanding under the Amended Agreement at November 12, 1999 was $1.018 billion. The Partnership had available to it additional borrowing capacity thereunder of $235 million. However debt covenants limit the amount that can be borrowed to $205 million at November 12, 1999, which was subject to limitations imposed by the Partnership's partnership agreement. Charter paid the lenders a fee of $2 million to obtain the Amended Agreement.

(d) OTHER SUBORDINATED NOTES

Other subordinated notes consisted of 11.56% Subordinated Notes due March 2001. The subordinated notes were repaid by Charter on November 12, 1999 with accrued interest of $202,000 and a prepayment premium of $1,143,000.

(e) 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 Amended Agreement 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 November 12, 1999, borrowings under the Amended Agreement bore interest at an average rate of 7.51% (including the effect of interest rate hedging agreements). The Partnership has entered into fixed interest rate hedging agreements with an aggregate notional amount at November 12, 1999 of $1.28 billion. Agreements in effect at November 12, 1999 totaled $745 million, with the remaining $535 million to become effective as certain of the existing contracts mature from 2000 through October 2004. These agreements expire at various times through October 2006.

The hedging agreements resulted in additional interest expense of $350,000, $1.2 million and $3.9 million for the years ended December 31, 1997 and 1998 and for the period from January 1, 1999 to November 12, 1999, respectively. The Partnership does not believe that it has any significant risk of exposure to non-performance by any of its counterparties.

NOTE 6 -- NOTES PAYABLE -- (CONTINUED)

(f) DEBT MATURITIES

The Partnership's notes payable outstanding at November 12, 1999 mature as follows:

YEAR	8.375% SENIOR DEBENTURES	9.285% SENIOR DEBENTURES	NOTES TO BANKS	TOTAL
	(DOLLARS IN THOUSANDS)			
2000	$ --	$ --	$ 5,000	$ 5,000
2001	--	--	5,000	5,000
2002	--	--	5,000	5,000
2003	--	--	5,000	5,000
2004	--	--	5,000	5,000
Thereafter	$375,000	$435,250	$992,750	$1,803,000

(G) EXTRAORDINARY ITEM

Fees and expenses incurred in connection with the repurchase of the Partnership's 11% Notes (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 a previous credit facility, which amounted to $10.9 million in the aggregate, were written off as an extraordinary charge upon the extinguishment of the related debt in 1998.

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 November 12, 1999 are as follows:

YEAR	TOTAL
	(DOLLARS IN THOUSANDS)
1999	$ 353
2000	2,904
2001	2,527
2002	2,132
2003	1,232
Thereafter	4,612
	$13,760

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 $2.4 million in 1997, $3.1 million in 1998 and $3.6 million for the period from January 1, 1999 to November 12, 1999.

In addition, the Partnership rents line space on utility poles in some of the franchise areas it serves. These rentals amounted to $3.1 million for 1997, $3.9 million for 1998 and $4.5 million for the period from January 1, 1999 to November 12, 1999. Generally, such pole rental agreements are short-term; however, the Partnership anticipates such rentals will continue in the future.

NOTE 7 -- COMMITMENTS AND CONTINGENCIES -- (CONTINUED)

Beginning in August 1997, the Partnership elected to self-insure its cable distribution plant and subscriber connections against property damage as well as possible business interruptions caused by such damage. The decision to self-insure was made due to significant increases in the cost of insurance coverage and decreases in the amount of insurance coverage available. In October 1998, the Partnership reinstated third party insurance coverage against damage to its cable distribution plant and subscriber connections and against business interruptions resulting from such damage. This coverage is subject to a significant annual deductible and is intended to limit the Partnership's exposure to catastrophic losses, if any, in future periods. Management believes that the relatively small size of the Partnership's markets in any one geographic area, coupled with their geographic separation, will mitigate the risk that the Partnership could sustain losses due to seasonal weather conditions or other events that, in the aggregate, could have a material adverse effect on the Partnership's liquidity and cash flows. The Partnership continues to purchase insurance coverage in amounts management views as appropriate for all other property, liability, automobile, workers' compensation and other types of insurable risks.

The Partnership is required under various franchise agreements at November 12, 1999 to rebuild certain existing cable systems at a cost of approximately $125.4 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

NOTE 7 -- COMMITMENTS AND CONTINGENCIES -- (CONTINUED)

reduced rates in compliance with FCC rules. The Partnership has elected to continue to acquire its remaining programming services under its existing programming contracts. 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 of the Partnership.

The Partnership, certain of its affiliates, and certain third parties were 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, in the Superior Court of the State of California, County of Los Angeles (the "Action"). Plaintiffs in the Action were certain former unitholders of Falcon Cable Systems Company ("FCSC") purporting to represent a class consisting of former unitholders of FCSC other than those affiliated with FCSC and/or its controlling persons. The complaint in the Action alleged, 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 was approved by the court in May 1999 and has become effective. The terms of the settlement did not have a material adverse effect on the financial condition of the Partnership. Net of insurance proceeds, the settlement's cost to the Partnership amounted to approximately $2.9 million. The Partnership recognized expenses related to the settlement of $145,000, $2.5 million and $166,000 in 1997, 1998, and for the period from January 1, 1999 to November 12, 1999, respectively.

In various states, customers have filed punitive class action lawsuits on behalf of all persons residing in those states who are or were customers of the Partnership's cable television service, and who have been charged a 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. At this stage, the Partnership is not able to project the outcome of the actions.

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. Effective January 1, 1999 the Profit Sharing Plan was amended, whereby the Partnership would make an employer contribution equal to 100% of the first 3% and 50% of the next 2% of the participant's contributions, respectively. There were no contributions for the Profit Sharing Plan in 1997 or 1998. The partnership contributed $1.0 million during the period from January 1, 1999 to November 12, 1999.

NOTE 8 -- EMPLOYEE BENEFIT PLANS -- (CONTINUED)

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 was 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 were 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 were payable under the Incentive Plan only when distributions would otherwise be paid to FHGI with respect to the above-described units and interests.

In 1999, the Partnership adopted a Restricted Unit Plan (the "New FCLP Incentive Plan" or "Plan") for the benefit of certain employees. Grants of restricted units are provided at the discretion of the Advisory Committee. The value of the units in the New FCLP Incentive Plan is tied to the equity value of FCLP above a base equity as determined initially in 1999 by the partners, and for grants in subsequent years by an appraisal. Benefits are payable under the New FCLP Incentive Plan only when distributions would otherwise be payable to equity holders of FCLP. An initial grant of 100,000 units representing 2.75% of the equity of FCLP in excess of the equity base was approved and will be allocated to the participants in the Plan. There is a five-year vesting requirement for all participants.

In connection with the sale of the Partnership to Charter discussed in Note 1, the Partnership recorded compensation expense in the amount of approximately $46.4 million related to both the Incentive Plan ($21 million) and the New FCLP Incentive Plan ($25.4 million). The amount was determined based on the value of the underlying ownership units, as established by the sale of the Partnership to Charter, and on estimated closing working capital and debt balances of the Partnership. The Partnership paid $33 million on November 12, 1999 to certain employees. The payments were funded by net proceeds of the sale. The Partnership transferred its remaining liability approximating $13.4 million to FHGLP who will make the final payments under the plans. The participants in the Incentive Plan were present and former employees of the Partnership, FHGLP and its operating affiliates, all of whom were 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 addition to the amounts expensed pursuant to the equity plans, the Partnership recorded bonuses to certain employees in the aggregate amount of $20 million upon the closing of the sale to Charter. The Partnership also recorded employee severance and other compensation aggregating $4.2 million. The Partnership paid $11.8 million on November 12, 1999 to certain employees. The payments were funded by net proceeds of the sale. The Partnership transferred its remaining liability approximating $12.4 million to FHGLP who will make the final payment. The aggregate amount of expenses recorded under benefit plans and severance and other compensation of $70.7 million was recorded as a capital contribution, as FHGLP's share of the proceeds from the sale have been, or will be, used to fund such obligations.

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 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. 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 $2 million, $1.9 million and $1.4 million for the years ended December 31, 1997 and 1998 and for the period from January 1, 1999 to November 12, 1999, respectively.

The management and consulting fees and expense reimbursements earned from the Affiliated Partnerships amounted to approximately $5.2 million and $2.1 million, $3.7 million and $1.5 million and $1.4 million and $1.4 million for the years ended December 31, 1997 and 1998 and for the period ended November 12, 1999, respectively. 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 Falcon Classic and Falcon Video systems became subject to the limitations contained in the Credit Facility.

Included in Commitments and Contingencies (Note 7) is a facility lease agreement with the Partnership's Chief Executive Officer and his wife, or entities owned by them, requiring annual future minimum rental payments aggregating $2.5 million through 2005. During the years ended December 31, 1997 and 1998 and for the period ended November 12, 1999, rent expense on the facility amounted to $383,000, $416,000 and $369,000, respectively. FCLP purchased a facility owned by the Partnership's Chief Executive Officer and his wife in February 1999 for $283,000 which was previously leased by FCLP.

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 $163,000, $212,000 and $256,000 for the years ended December 31, 1997 and 1998 and for the period from January 1, 1999 to November 12, 1999, respectively. These costs were net of amounts reimbursed to the Partnership by the Chief Executive Officer amounting to $55,000, $72,000 and $77,000 for the years ended December 31, 1997 and 1998 and for the period from January 1, 1999 to November 12, 1999, respectively.

FALCON COMMUNICATIONS, L.P.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

NOTE 10 -- OTHER INCOME (EXPENSE)

Other income (expense) is comprised of the following:

	YEAR ENDED DECEMBER 31, 1997	YEAR ENDED DECEMBER 31, 1998	PERIOD FROM JANUARY 1, 1999 TO NOVEMBER 12, 1999
	(DOLLARS IN THOUSANDS)		
Gain (loss) on insured casualty losses	$ 3,476	$ 314	$ (69)
Gain on sale of system	--	--	10,671
Sale of system -- Falcon	--	--	(2,427)
Gain (loss) on sale of investment	(1,360)	174	--
Net lawsuit settlement costs	(1,030)	(2,614)	(166)
Other, net	(201)	(791)	53
	$ 885	$(2,917)	$ 8,062

NOTE 11 -- SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

Operating activities

During the years ended December 31, 1997 and 1998 and the period from January 1, 1999 to November 12, 1999, FCLP paid cash interest amounting to approximately $48.1 million, $84.9 million and $93.9 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 and the Falcon Classic Systems. Also included in Note 3 are the non-cash investing activities related to the exchange of the Partnership's Scottsburg, Indiana system for a system in Franklin, Virginia.

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 and the Falcon Classic Systems. See Note 2 regarding the reclassification to redeemable partners' equity.

NOTE 12 -- 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 accompanying condensed financial information should be read in conjunction with the consolidated financial statements and notes thereto.

FALCON COMMUNICATIONS, L.P.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

NOTE 12 -- FCLP (PARENT COMPANY ONLY) -- (CONTINUED)

CONDENSED BALANCE SHEET INFORMATION

	DECEMBER 31, 1998	NOVEMBER 12, 1999 (DATE OF DISPOSITION)
	(DOLLARS IN THOUSANDS)	
ASSETS:		
Cash and cash equivalents	$ 1,605	$ 3,363
Receivables:		
Intercompany notes and accrued interest receivable	655,128	674,409
Due from affiliates and other entities	2,129	108
Prepaid expenses and other	236	305
Property, plant and equipment, less accumulated depreciation and amortization	3,599	4,572
Deferred loan costs, less accumulated amortization	20,044	18,718
	$ 682,741	$ 701,475
LIABILITIES:		
Senior notes payable	$ 669,982	$ 694,085
Notes payable to affiliates	70,805	71,801
Accounts payable	135	340
Accrued expenses	14,000	10,432
Equity in net losses of subsidiaries in excess of investment	198,492	324,533
TOTAL LIABILITIES	953,414	1,101,191
REDEEMABLE PARTNERS' EQUITY	133,023	424,280
PARTNERS' DEFICIT	(403,696)	(823,996)
	$ 682,741	$ 701,475

FALCON COMMUNICATIONS, L.P.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

NOTE 12 -- FCLP (PARENT COMPANY ONLY) -- (CONTINUED)

CONDENSED STATEMENT OF OPERATIONS INFORMATION

	YEAR ENDED DECEMBER 31, 1997	YEAR ENDED DECEMBER 31, 1998	PERIOD FROM JANUARY 1, 1999 TO NOVEMBER 12, 1999 (DATE OF DISPOSITION)
	(DOLLARS IN THOUSANDS)		
REVENUES:			
Management fees:			
Affiliated Partnerships	$ 2,873	$ 2,120	$ 1,372
Subsidiaries	13,979	14,010	16,530
International and other	281	33	29
Total revenues	17,133	16,163	17,931
EXPENSES:			
General and administrative expenses	11,328	21,134	83,180
Depreciation and amortization	274	559	1,242
Total expenses	11,602	21,693	84,422
Operating income (loss)	5,531	(5,530)	(66,491)
OTHER INCOME (EXPENSE):			
Interest income	22,997	50,562	49,731
Interest expense	(30,485)	(59,629)	(56,861)
Equity in net losses of subsidiaries	(56,422)	(105,659)	(126,041)
Equity in net losses of investee partnerships	(4)	(31)	--
Other, net	(2,455)	--	830
Net loss before extraordinary item	(60,838)	(120,287)	(198,832)
Extraordinary item, retirement of debt	--	(24,196)	--
NET LOSS	$(60,838)	$(144,483)	$(198,832)

FALCON COMMUNICATIONS, L.P.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

NOTE 12 -- FCLP (PARENT COMPANY ONLY) -- (CONTINUED)

CONDENSED STATEMENT OF CASH FLOWS INFORMATION

	YEAR ENDED DECEMBER 31, 1997	YEAR ENDED DECEMBER 31, 1998	PERIOD FROM JANUARY 1, 1999 TO NOVEMBER 12, 1999 (DATE OF DISPOSITION)
	(DOLLARS IN THOUSANDS)		
Net cash provided by (used in) Operating activities	$1,478	$(418,226)	$2,982
Cash flows from investing activities:			
Distributions from affiliated partnerships	--	1,820	--
Capital expenditures	(417)	(2,836)	(2,218)
Investments in affiliated partnerships and other investments	(254)	(2,998)	--
Proceeds from sale of investments and other assets	702	1,694	4
Assets retained by Falcon Holding Group, L.P.	--	(2,893)	--
Net cash provided by (used in) investing activities	31	(5,213)	(2,214)
Cash flows from financing activities:			
Repayment of debt	(131)	(282,203)	--
Borrowings from notes payable	--	650,639	--
Borrowings from subsidiaries	--	70,805	996
Capital contributions	93	--	--
Redemption of partners' equity	--	(1,170)	--
Deferred loan costs	--	(21,204)	(7)
Net cash provided by (used in) financing activities	(38)	416,867	989
Net increase (decrease) in cash and cash equivalents	1,471	(6,572)	1,757
Cash and cash equivalents, at beginning of period	6,706	8,177	1,605
Cash and cash equivalents, at end of period	$8,177	$ 1,605	$3,362

NOTE 13 -- VALUATION AND QUALIFYING ACCOUNTS

	BALANCE AT BEGINNING OF PERIOD	ADDITIONS CHARGED TO COST AND EXPENSES(A)	DEDUCTIONS(B)	OTHER(C)	BALANCE AT END OF PERIOD
	(DOLLARS IN THOUSANDS)				
Allowance for possible losses on receivables					
Year ended December 31,					
1997	$907	$5,714	$(5,796)	--	$ 825
1998	$825	$4,775	$(5,299)	$369	$ 670
Period from January 1, 1999 to November 12, 1999	$670	$4,510	$(4,106)	--	$1,074

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(a) Provision for losses, net of recoveries.

(b) Write-off uncollectible accounts.

FALCON COMMUNICATIONS, L.P.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

(c) Allowance for losses on receivables acquired in connection with the acquisition of Falcon Classic, Falcon Video and the TCI Systems.

NOTE 14 -- YEAR 2000 (UNAUDITED)

In the prior years, the Partnership discussed the nature and progress of its plans to become Year 2000 ready. In late 1999, the Partnership completed its remediation and testing of systems. As a result of those planning and implementation efforts, the Partnership experienced no significant disruptions in mission critical information technology and non-information technology systems and believes those systems successfully responded to the Year 2000 date change. The Partnership expensed approximately $4.7 million during the period from January 1, 1999 to November 12, 1999 in connection with remediating its systems. The Partnership is not aware of any material problems resulting from Year 2000 issues, either with its products, its internal systems, or the products and services of third parties.

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	YEARS ENDED DECEMBER 31, 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	YEARS ENDED DECEMBER 31, 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.

Property and Equipment

Property and equipment are stated at cost, including acquisition costs allocated to tangible assets acquired. Construction costs, labor and applicable overhead related to installations, and interest during construction are capitalized. During the nine-month period ended September 30, 1998 and for the years ended December 31, 1997 and 1996, interest capitalized was not significant.

Depreciation is computed on a straight-line basis using estimated useful lives of 3 to 15 years for distribution systems and 3 to 40 years for support equipment and buildings.

Repairs and maintenance are charged to operations, and renewals and additions are capitalized. At the time of ordinary retirements, sales or other dispositions of property, the original cost and cost of removal of such property are charged to accumulated depreciation, and salvage, if any, is credited thereto. Gains or losses are only recognized in connection with the sales of properties in their entirety.

Franchise Costs

Franchise costs include the difference between the cost of acquiring cable television systems and amounts assigned to their tangible assets. Such amounts are generally amortized on a straight-line basis over 40 years. Costs incurred by the TCI Falcon Systems in negotiating and renewing franchise agreements are amortized on a straight-line basis over the life of the franchise, generally 10 to 20 years.

Impairment of Long-Lived Assets

Management periodically reviews the carrying amounts of property, plant and equipment and its intangible assets to determine whether current events or circumstances warrant adjustments to such carrying amounts. If an impairment adjustment is deemed necessary based on an analysis of undiscounted cash flows, such loss is measured by the amount that the carrying value of such assets exceeds their fair value. Considerable management judgment is necessary to estimate the fair value of assets, accordingly, actual results could vary significantly from such estimates. Assets to be disposed of are carried at the lower of their financial statement carrying amount or fair value less costs to sell.

Revenue Recognition

Cable revenue for customer fees, equipment rental, advertising, and pay-per-view programming is recognized in the period that services are delivered. Installation revenue is recognized in the period the installation services are provided to the extent of direct selling costs. Any remaining amount is deferred and recognized over the estimated average period that customers are expected to remain connected to the cable television system.

Combined Statements of Cash Flows

Transactions effected through the intercompany account with TCI (except for the acquisition and dividend discussed in notes 2 and 5, respectively) have been considered constructive cash receipts and payments for purposes of the combined statements of cash flows.

TCI FALCON SYSTEMS
(A COMBINATION OF CERTAIN ASSETS, AS DEFINED IN NOTE 1)

NOTES TO COMBINED FINANCIAL STATEMENTS -- (CONTINUED)

Estimates

The preparation of combined financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the combined financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Reclassifications

Certain prior year amounts have been reclassified for comparability with the 1998 presentation.

(4) INCOME TAXES

The TCI Falcon Systems were included in the consolidated federal income tax return of TCI. Income tax expense for the TCI Falcon Systems is based on those items in the consolidated calculation applicable to the TCI Falcon Systems. Intercompany tax allocation represents an apportionment of tax expense or benefit (other than deferred taxes) among subsidiaries of TCI in relation to their respective amounts of taxable earnings or losses. The payable or receivable arising from the intercompany tax allocation is recorded as an increase or decrease in amounts due to TCI. Deferred income taxes are based on the book and tax basis differences of the assets and liabilities within the TCI Falcon Systems. The income tax amounts included in the accompanying combined financial statements approximate the amounts that would have been reported if the TCI Falcon Systems had filed a separate income tax return.

Income tax expense for the nine-month period ended September 30, 1998 and for the years ended December 31, 1997 and 1996 consists of:

	CURRENT	DEFERRED	TOTAL
	(AMOUNTS IN THOUSANDS)		
Nine-month period ended September 30, 1998:			
Intercompany allocation	$(1,825)	$ --	$(1,825)
Federal	--	(2,778)	(2,778)
State and local	--	(625)	(625)
	$(1,825)	$(3,403)	$(5,228)
Year ended December 31, 1997:			
Intercompany allocation	$(1,487)	$ --	$(1,487)
Federal	--	(5,862)	(5,862)
State and local	(140)	(1,319)	(1,459)
	$(1,627)	$(7,181)	$(8,808)
Year ended December 31, 1996:			
Intercompany allocation	$(1,620)	$ --	$(1,620)
Federal	--	(4,032)	(4,032)
State and local	(86)	(501)	(587)
	$(1,706)	$(4,533)	$(6,239)

TCI FALCON SYSTEMS
(A COMBINATION OF CERTAIN ASSETS, AS DEFINED IN NOTE 1)

NOTES TO COMBINED FINANCIAL STATEMENTS -- (CONTINUED)

Income tax expense differs from the amounts computed by applying the federal income tax rate of 35% as a result of the following:

	JANUARY 1, 1998 THROUGH SEPTEMBER 30, 1998	YEARS ENDED DECEMBER 31, 1997	1996
	(AMOUNTS IN THOUSANDS)		
Computed "expected" tax expense	$(4,607)	$(7,476)	$(5,658)
Amortization not deductible for tax purposes	(198)	(265)	(178)
State and local income taxes, net of federal income tax benefit	(406)	(948)	(382)
Other	(17)	(119)	(21)
	$(5,228)	$(8,808)	$(6,239)

The tax effects of temporary differences that give rise to significant portions of the deferred tax asset and deferred tax liabilities at September 30, 1998 and December 31, 1997 are presented below:

	SEPTEMBER 30, 1998	DECEMBER 31, 1997
	(AMOUNTS IN THOUSANDS)	
Deferred tax asset -- principally due to non-deductible accruals	$ 146	$ 128
Deferred tax liabilities:		
Property and equipment, principally due to differences in depreciation	24,246	20,985
Franchise costs, principally due to differences in amortization and initial basis	100,486	100,326
Total gross deferred tax liabilities	124,732	121,311
Net deferred tax liability	$124,586	$121,183

(5) PARENT'S INVESTMENT

Parent's investment in the TCI Falcon Systems at September 30, 1998 and December 31, 1997 is summarized as follows:

	SEPTEMBER 30, 1998	DECEMBER 31, 1997
	(AMOUNTS IN THOUSANDS)	
Due to TCI	$ 642,228	$224,668
Retained earnings (deficit)	(347,926)	73,878
	$ 294,302	$298,546

The amount due to TCI represents advances for operations, acquisitions and construction costs, as well as, the amounts owed as a result of the allocation of certain costs from TCI. TCI charges intercompany interest expense at variable rates to cable systems within the TCI Falcon Systems based upon amounts due to TCI from the cable systems. Such amounts are due on demand.

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 PUBLIC ACCOUNTANTS

TO CC V HOLDINGS, LLC:

We have audited the accompanying consolidated balance sheet of CC V Holdings, LLC and subsidiaries as of December 31, 1999, and the related consolidated statements of operations and cash flows for the period from November 15, 1999, through December 31, 1999, and the consolidated statements of operations, changes in shareholders' equity and cash flows for the period from January 1, 1999, through November 14, 1999. 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 auditing standards generally accepted in the United States. Those standards 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. 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 CC V Holdings, LLC and subsidiaries as of December 31, 1999, and the results of their operations and their cash flows for the period from November 15, 1999, through December 31, 1999, and for the period from January 1, 1999, through November 14, 1999, in conformity with accounting principles generally accepted in the United States.

As discussed in Note 1 to the consolidated financial statements, substantially all of CC V Holdings, LLC was acquired by Charter Communications Holding Company, LLC as of November 15, 1999, in a business combination accounted for as a purchase. As a result of the application of purchase accounting, the consolidated financial statements of CC V Holdings, LLC and subsidiaries as of December 31, 1999, and for the Successor Period (November 15, 1999, through December 31, 1999), are presented on a different cost basis than financial statements presented for the Predecessor Period (January 1, 1999, through November 14, 1999), and accordingly, are not directly comparable.

/s/ ARTHUR ANDERSEN LLP

St. Louis, Missouri,
February 16, 2000

CC V HOLDINGS, LLC AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEET

(DOLLARS IN THOUSANDS)

	SUCCESSOR DECEMBER 31, 1999
ASSETS	
CURRENT ASSETS:	
Cash and cash equivalents	$ 6,806
Accounts receivable, net of allowance for doubtful accounts of $1,143	1,920
Prepaid expenses and other	663
Total current assets	9,389
INVESTMENT IN CABLE PROPERTIES:	
Property, plant and equipment	121,285
Franchises	721,744
Total investment in cable properties	843,029
DEFERRED FINANCING COSTS	1,983
	$854,401
LIABILITIES AND MEMBER'S EQUITY	
CURRENT LIABILITIES:	
Accounts payable and accrued expenses	$ 25,132
Payables to manager of cable systems--related parties	4,971
Total current liabilities	30,103
LONG-TERM DEBT	451,212
DEFERRED MANAGEMENT FEES--RELATED PARTIES	262
MEMBER'S EQUITY--100 units issued and outstanding	372,824
	$854,401

The accompanying notes are an integral part of this consolidated statement.

CC V HOLDINGS, LLC AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS
(DOLLARS IN THOUSANDS)

	SUCCESSOR	PREDECESSOR
	PERIOD FROM NOVEMBER 15, 1999, THROUGH DECEMBER 31, 1999	PERIOD FROM JANUARY 1, 1999, THROUGH NOVEMBER 14, 1999
REVENUES:		
Basic services	$ 11,281	$ 76,721
Premium services	1,008	7,088
Other	1,641	10,574
	13,930	94,383
OPERATING EXPENSES:		
Programming	3,597	24,927
General and administrative	1,991	10,968
Service	2,377	16,311
Marketing	316	883
Depreciation and amortization	7,822	39,943
Corporate expense charges--related parties	501	--
	16,604	93,032
(Loss) income from operations	(2,674)	1,351
OTHER INCOME (EXPENSE):		
Interest income	--	764
Interest expense	(7,537)	(40,162)
	(7,537)	(39,398)
Loss before income taxes	(10,211)	(38,047)
BENEFIT FROM INCOME TAXES	--	(13,936)
Loss before minority interest	(10,211)	(24,111)
MINORITY INTEREST IN LOSS OF SUBSIDIARY	--	4,499
Net loss	$(10,211)	$(19,612)

The accompanying notes are an integral part of these consolidated statements.

CC V HOLDINGS, LLC AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
(DOLLARS IN THOUSANDS)

	COMMON STOCK	ADDITIONAL PAID-IN CAPITAL	ACCUMULATED DEFICIT	TOTAL SHAREHOLDERS' EQUITY
BALANCE, January 1, 1999	$ --	$35,000	$ (8,918)	$ 26,082
Net loss	--	--	(19,612)	(19,612)
BALANCE, November 14, 1999	$ --	$35,000	$(28,530)	$ 6,470

The accompanying notes are an integral part of this consolidated statement.

CC V HOLDINGS, LLC AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(DOLLARS IN THOUSANDS)

	SUCCESSOR	PREDECESSOR
	PERIOD FROM NOVEMBER 15, 1999, THROUGH DECEMBER 31, 1999	PERIOD FROM JANUARY 1, 1999, THROUGH NOVEMBER 14, 1999
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	$(10,211)	$(19,612)
Adjustments to reconcile net loss to net cash provided by operating activities--		
Depreciation and amortization	7,822	39,943
Deferred income taxes	--	(16,969)
Minority interest in loss of subsidiary	--	4,499
Noncash interest expense	1,855	11,764
Net change in certain assets and liabilities, net of effects from acquisitions--		
Accounts receivable	782	(1,182)
Prepaid expenses and other	76	(409)
Receivable from affiliate	--	124
Accounts payable and accrued expenses	(3,399)	15,285
Payables to manager of cable systems--related parties	4,971	--
Payable to affiliate	--	(2,206)
Other operating activities	(469)	(2,905)
Net cash provided by operating activities	1,427	28,332
CASH FLOWS FROM INVESTING ACTIVITIES:		
Additions to property, plant and equipment	(2,042)	(13,683)
Payments for acquisitions, net of cash acquired	--	(47,237)
Other investing activities	--	(11,414)
Net cash used in investing activities	(2,042)	(72,334)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Borrowings of long-term debt	5,000	39,428
Repayments of long-term debt	--	(20)
Payment of deferred financing costs	(2,000)	--
Distributions	(273)	--
Net cash provided by financing activities	2,727	39,408
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	2,112	(4,594)
CASH AND CASH EQUIVALENTS, beginning of period	4,694	9,288
CASH AND CASH EQUIVALENTS, end of period	$ 6,806	$ 4,694
CASH PAID FOR INTEREST	$ 2,551	$ 30,429
CASH PAID FOR TAXES	$ --	$ 283
NONCASH TRANSACTION--Increase in franchises and member's equity resulting from the application of purchase accounting	$383,308	$ --

The accompanying notes are an integral part of these consolidated statements.

CC V HOLDINGS, LLC AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(DOLLARS IN THOUSANDS)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Organization and Basis of Presentation

The accompanying consolidated financial statements include the accounts of CC V Holdings, LLC (CC V Holdings), (formerly known as Avalon Cable LLC (Avalon Cable)), and its wholly owned subsidiaries (collectively, the "Company"). CC V Holdings is a Delaware limited liability company. The Company derives its primary source of revenues by providing various levels of cable programming and services to residential and business customers. The Company operates primarily in the state of Michigan and in the New England area. The Company also owns and operates various Internet service providers, which provide dial-up telephone access to the Internet via a modem.

All significant intercompany accounts and transactions have been eliminated in consolidation.

Acquisition

On November 15, 1999, Charter Communications Holding Company, LLC (Charter Holdco) purchased directly and indirectly all of the equity interests of Avalon Cable of Michigan Holdings, Inc. (Avalon Michigan Holdings) for an aggregate purchase price of $832,000, including assumed debt of $273,400 (the "Charter Acquisition"). In connection with a multistep restructuring following the acquisition of Avalon Michigan Holdings, Avalon Michigan Holdings was merged with and into CC V Holdings. Effective January 1, 2000, these interests acquired were transferred to Charter Communications Holdings, LLC, a wholly owned subsidiary of Charter Holdco.

As a result of the Charter Acquisition, the Company has applied purchase accounting in the preparation of the accompanying consolidated financial statements. Accordingly, CC V Holdings' increased its member's equity to $383,308 to reflect the amount paid in the Charter Acquisition and has allocated that amount to assets acquired and liabilities assumed based on their relative fair values including amounts assigned to franchises of $727,720. The allocation of the purchase price is based, in part, on preliminary information, which is subject to adjustment upon completion of certain appraisal and valuation information. Management believes that finalization of the purchase price and allocation will not have a material impact on the consolidated results of operations or financial position of the Company.

As a result of the Charter Acquisition and the application of purchase accounting, financial information in the accompanying consolidated financial statements and notes thereto as of December 31, 1999, and for the period from November 15, 1999, through December 31, 1999 (the "Successor Period") are presented on a different cost basis than the financial information for the period from January 1, 1999, through November 14, 1999, (the "Predecessor Period") and therefore, such information is not comparable.

Prior to the Charter Acquisition, Avalon Michigan Holdings had a majority interest in CC V Holdings.

Cash Equivalents

The Company considers all highly liquid investments with original maturities of three months or less to be cash equivalents. 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, while equipment replacement and betterments are capitalized.

Depreciation for the Successor Period is provided on the straight-line method 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

Depreciation for the Predecessor Period was provided on the straight-line method over the estimated useful lives of the related assets as follows:

Buildings and improvement	10-25 years
Cable plant and equipment	5-12 years
Vehicles	5 years
Office furniture and equipment	5-10 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 systems, including the Charter Acquisition, represent the excess of the cost of properties acquired over the amounts assigned to net tangible assets and identifiable intangible assets at the date of acquisition 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 $5,976 at December 31, 1999. Amortization expense for the period from January 1, 1999 through November 14, 1999 and for the period from November 15, 1999, through December 31, 1999, was $29,679 and $5,976, respectively.

Deferred Financing Costs

Costs related to the Senior Credit Facilities (as defined below) are deferred and amortized to interest expense using the effective interest rate method over the term of the related borrowing. As of December 31, 1999, accumulated amortization of deferred financing costs is $17.

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 system. As of December 31, 1999, 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. Such fees are collected on a monthly basis from the Company's customers and are periodically remitted to local franchises. Franchise fees collected and paid are reported as revenues and expenses.

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 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. 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.

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 designated for hedging purposes and are not held or issued for speculative purposes.

Income Taxes

Prior to the Charter Acquisition, the Company filed a consolidated income tax return. The tax benefit of $13,936 in the accompanying consolidated statement of operations for the period from January 1, 1999, through November 14, 1999, is recorded at 37%. This approximates the statutory tax rate of the Company.

Beginning November 15, 1999, the Company and all subsidiaries are limited liability companies such that all income taxes are the responsibility of the equity member of the Company and are not provided for in the accompanying consolidated financial statements. In addition, certain subsidiaries or corporations are subject to income taxes but have no operations and, therefore, no material income tax liabilities or assets.

Segments

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.

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, 1999. 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.

2. MEMBER'S EQUITY:

For the period from November 15, 1999, through December 31, 1999, successor member's equity consisted of the following:

BALANCE, November 15, 1999	$383,308
Net loss	(10,211)
Distributions to Charter Communications, Inc. and Charter Investment, Inc	(273)
BALANCE, December 31, 1999	$372,824

3. ACQUISITIONS:

On March 26, 1999, Avalon Michigan Holdings acquired the minority interest of Mercom Inc. (Mercom) for $21,875. In addition, the Company acquired eight cable systems for an aggregate purchase price of $25,362 in 1999. These eight acquisitions, which were completed during the Predecessor Period, were accounted for using the purchase method of accounting and, accordingly, results of operations of the acquired systems 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 excess of the consideration paid over the estimated fair market values of the net assets acquired was $12,940 and was amortized using the straight-line method over 15 years during the Predecessor Period. All goodwill was eliminated as a result of the Charter Acquisition.

CC V HOLDINGS, LLC AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

Unaudited pro forma operating results as though the 1999 acquisitions discussed above, including the Charter Acquisition, had occurred on January 1, 1999, with adjustments to give effect to amortization of franchises, interest expense and certain other adjustments are as follows:

	YEAR ENDED DECEMBER 31, 1999 (UNAUDITED)
Revenues	$110,308
Loss from operations	(17,580)
Net loss	(59,668)

The unaudited pro forma financial 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. PROPERTY, PLANT AND EQUIPMENT:

Property, plant and equipment consists of the following at December 31, 1999:

Cable distribution systems	$101,675
Buildings and leasehold improvements	16,636
Vehicles and equipment	4,776
	123,087
Less--Accumulated depreciation	(1,802)
	$121,285

Depreciation expense for assets owned by the Company for the period from January 1, 1999, through November 14, 1999, and for the period from November 15, 1999, through December 31, 1999, was $10,264 and $1,802, respectively.

5. ACCOUNTS PAYABLE AND ACCRUED EXPENSES:

Accounts payable and accrued expenses consist of the following at December 31, 1999:

Accrued litigation costs--see Note 10	$ 9,435
Accrued interest	5,417
Accounts payable	3,427
Accrued programming	3,047
Accrued franchises	1,578
Other	2,228
	$25,132

CC V HOLDINGS, LLC AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

6. LONG-TERM DEBT:

The Company has outstanding the following borrowings on long-term debt arrangements at December 31, 1999:

Senior Credit Facility	$170,000
Senior Subordinated Notes	150,000
Senior Discount Notes	196,000
7.0% Note Payable, due May 2003	500
	516,500
Less--Unamortized net discount	(65,288)
	$451,212

Credit Facilities

On November 6, 1998, Avalon Michigan became a co-borrower along with Avalon Cable of New England LLC (Avalon New England) and Avalon Cable Finance, Inc. (Avalon Finance), affiliated companies on the $320,888 senior credit facilities, which included 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 "Old Credit Facilities").

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 Old Credit Facilities, and the availability under the Old Credit Facilities was reduced to $195,875 prior to the Charter Acquisition.

The interest rate under the Old Credit Facilities was 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, an applicable margin.

In connection with the Charter Acquisition, the Old Credit Facilities were terminated.

Effective November 15, 1999, the Company became a borrower on $300,000 senior credit facilities, which includes term loan facilities consisting of (i) a Term B Loan of $125,000 that matures on November 15, 2008, and (ii) a revolving credit facility of $175,000 that matures on May 15, 2008 (collectively, the "Senior Credit Facilities"). The Senior Credit Facilities also provide for, at the option of the lenders, supplemental credit facilities in the amounts of $75,000, available until December 31, 2003.

The interest rate under the Senior Credit Facilities 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, an applicable margin. The variable interest rate as of December 31, 1999, ranged from 7.995% to 8.870%. A quarterly commitment fee of between 0.250% to 0.375% per annum is payable on the unborrowed balance of the revolving credit facility.

Commencing March 31, 2003, and at the end of each quarter thereafter through September 30, 2008, the Term B Loan is payable in installments of 0.25% of the outstanding balance, and the remaining 94.25% unpaid outstanding balance is due on November 15, 2008.

Commencing March 31, 2003, and at the end of each quarter thereafter, available borrowings under the revolving credit facility shall be reduced on an annual basis by 5.0% in 2003, 15.0% in 2004, 20.0% in 2005, 22.0% in 2006, 24.0% in 2007 and 14.0% in 2008.

The Senior Credit Facilities contain restrictive covenants which, among other things, require the Company to maintain certain ratios including consolidated leverage ratios and the interest coverage ratio, fixed charge ratio and debt service coverage.

The obligations of the Company under the Senior Credit Facilities agreement are secured by substantially all of the assets of the Company.

Senior Subordinated Notes

In December 1998, Avalon Michigan became a co-issuer of a $150,000 principal amount of 9.375% Senior Subordinated Notes (the "Senior Subordinated Notes").

The indenture governing the Senior Subordinated Notes provides that upon the occurrence of a change of control each holder of the Senior Subordinated 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 Senior Subordinated 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 Charter Acquisition constituted a change of control.

Pursuant to a change of control offer dated December 3, 1999, 134,050 of the Company's 9.375% Senior Subordinated Notes due December 1, 2008 were validly tendered.

The aggregate repurchase price was $137,400, including accrued and unpaid interest through January 28, 2000, and was funded with equity contributions from Charter Communications Holdings, LLC (Charter Holdings), a wholly owned subsidiary of Charter Holdco and parent of CC V Holdings, which made the cash available from the proceeds of its sale of $1.5 billion of high yield notes in January 2000 (the "January 2000 Charter Holdings Notes").

In addition to the above change of control repurchase, the Company repurchased the remaining 15,950 notes (including accrued and unpaid interest) in the open market for $16,300, also using cash received from equity contributions ultimately from Charter Holdings, which made the cash available from the sale proceeds of the January 2000 Charter Holdings Notes.

Senior Discount Notes

On December 10, 1998, Avalon Michigan Holdings and Avalon Cable Holdings Finance, Inc. (collectively, the "Holdings Co-Issuers") issued $196,000 aggregate principal amount at maturity of 11.875% Senior Discount Notes (the "Senior Discount Notes") due 2008.

The Senior Discount Notes were issued at a substantial discount from their principal amount at maturity, for proceeds of approximately $110,400. 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 commencing December 1, 2003, and will be payable semiannually in arrears on June 1 and December 1 of each year. 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 semiannual 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.

On December 1, 2003, the Holdings Co-Issuers 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.

On or after December 1, 2003, the Senior Discount Notes will be subject to redemption at any time at the option of the Holdings Co-Issuers, 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.

Upon the occurrence of a change of control, each holder of Senior Discount Notes will have the right to require the Holdings Co-Issuers 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. The Charter Acquisition constituted a change of control.

Upon expiration of the change of control offer (January 26, 2000), 16,250 of the Senior Discount Notes due were validly tendered.

The Senior Discount Notes were repurchased for $10,500 using cash received from equity contributions from Charter Holdings. As of February 29, 2000, 179,750 Senior Discount Notes remain outstanding with an accreted value of $116,400.

Based upon outstanding indebtedness at December 31, 1999, and the amortization of term, and scheduled reductions in available borrowings of the revolving credit facility, aggregate future principal payments on the total borrowings under all debt agreements at December 31, 1999, are as follows:

YEAR	AMOUNT
2000	$ --
2001	--
2002	--
2003	74,229
2004	1,250
Thereafter	441,021
	$516,500

CC V HOLDINGS, LLC AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

7. FAIR VALUE OF FINANCIAL INSTRUMENTS:

The carrying and fair values of the Company's significant financial instruments as of December 31, 1999, are as follows:

	CARRYING VALUE	NOTIONAL AMOUNT	FAIR VALUE
Debt:			
Senior Credit Facilities	$170,000	$ --	$170,000
Senior Subordinated Notes	151,500	--	151,500
Senior Discount Notes	129,212	--	129,212
7.0% Note payable, due May 2003	500	--	500
Interest Rate Hedge Agreement:			
Cap	--	15,000	16

The carrying amount of the Senior Credit Facilities approximates fair value as the outstanding borrowings bear interest at market rates. The fair values of the Senior Subordinated Notes and Senior Discount Notes are based on quoted market prices.

The interest pay rate for the interest rate cap agreement was 9.0% at December 31, 1999.

The notional amount of the interest rate hedge agreement does not represent amounts exchanged by the parties and, thus, are not a measure of the Company's exposure through its use of the interest rate hedge agreement. The amounts exchanged are determined by reference to the notional amount and the other terms of the contract.

The fair value of the interest rate hedge agreement generally reflects the estimated amount that the Company would receive (excluding accrued interest) to terminate the contract on the reporting date, thereby taking into account the current unrealized gains or losses of the open contract. Dealer quotations are available for the Company's interest rate hedge agreement.

Management believes that the seller of the interest rate hedge agreement will be able to meet their obligations under the agreement. In addition, the interest rate hedge agreement is with certain of the participating banks under the Company's Senior Credit Facilities 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.

8. RELATED-PARTY TRANSACTIONS:

Charter Investment, Inc. (Charter Investment) provides management services to the Company including centralized customer billing services, and data processing and related support. Costs for these services are 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. Charter Investment 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. Depreciation and amortization incurred by Charter Investment and Charter have been allocated to the Company based on the number of the basic customers. Such costs totaled $44 for the period from November 15, 1999, through December 31, 1999, are reflected as a capital contribution. Management believes that costs incurred by Charter Investment 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, an entity controlled by Paul G. Allen, was named manager of CC V Holdings pursuant to the terms of the limited liability company agreement for CC V Holdings dated as of November 15, 1999. Furthermore, Charter now manages and operates the Company's cable systems pursuant to a Management Agreement entered into with certain subsidiaries of CC V Holdings. The term of the management agreement is 10 years, commencing on November 15, 1999. Charter is entitled to reimbursement for all expenses, costs, losses and liabilities or damages incurred by Charter in connection with the performance of its services. Payment of the management fee is permitted under the Company's credit agreement, but ranks below the Company's senior debt and shall not be paid except to the extent permitted under the Senior Credit Facilities. Such costs totaled $501 for the period from November 15, 1999, through December 31, 1999, and are recorded in corporate expense charges-related parties in the accompanying consolidated financial statements. Deferred management fees at December 31, 1999, are $262.

9. EMPLOYEE BENEFIT PLAN:

Avalon Michigan had a qualified savings plan under Section 401(k) of the Internal Revenue Code (the "Plan"). In connection with the Charter Acquisition, the Plan's assets were frozen as of November 14, 1999, and employees became fully vested. Effective January 1, 2000, 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.

10. COMMITMENTS AND CONTINGENCIES:

Leases

The Company rents poles from utility companies for use in its operations. While rental agreements are generally short-term, the Company anticipates such rentals will continue in the future. The Company also leases office facilities and various equipment under month-to-month operating leases. Rent expense was $1,506 and $212 for the periods from January 1, 1999, through November 14, 1999, and from November 15, 1999, through December 31, 1999, respectively. Rental commitments are expected to continue at approximately the same level for the foreseeable future, including pole rental commitments which are cancelable.

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, 1999, 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. As of December 31, 1999, approximately 26% of the Company's local franchising authorities are certified to regulate basic tier 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, deregulated rates on the cable programming service tier (CPST). The FCC has taken the position that it will still adjudicate pending CPST complaints but will strictly limit its review, and possible refund orders, to the time period predating the sunset date, March 31, 1999. The Company does not believe any adjudications regarding their pre-sunset complaints will have a material adverse effect on the Company's consolidated financial position or results of operations.

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 connection with the Company's acquisition of Mercom, former Mercom shareholders holding approximately 731,894 Mercom common shares (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 Mercom shareholders holding 535,501 shares of Mercom common stock filed a petition for appraisal of stock in the Delaware Chancery Court. With respect to 209,893 of the total number of shares for which the Company received notice, the notice provided to the Company was received from beneficial holders of Mercom shares who were not holders of record. The Company believes that the notice with respect to these 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 Mercom shareholders will continue to pursue appraisal rights under Delaware law or choose to abandon these efforts and seek to accept the consideration payable in the Mercom merger. If these former Mercom 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 has already provided for the consideration of $12.00 per Mercom common share due under the terms of the merger with Mercom with respect to these shares but has 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 have no material adverse impact on the Company.

11. ACCOUNTING STANDARDS NOT YET IMPLEMENTED:

The Company is required to adopt Financial Accounting Standards Board issued Statement No. 133, Accounting for Derivative Instruments and Hedging Activities (SFAS No. 133) in 2001. SFAS No. 133 establishes accounting and reporting standards requiring that every derivative instrument (including certain derivative instruments embedded in other contracts) be recorded on the consolidated 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. The adoption of SFAS No. 133 is not expected to have a material impact on the consolidated financial statements.

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.

/s/ 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 4, 1997 (INCEPTION) THROUGH DECEMBER 31, 1997
	(DOLLARS IN THOUSANDS)	
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income (loss)	$ (15,382)	$ 4
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation and amortization	8,183	--
Deferred income taxes, net	1,010	--
Extraordinary loss on extinguishment of debt	5,965	--
Provision for loss on accounts receivable	75	--
Minority interest in consolidated entity	398	--
Accretion of senior discount notes	1,083	--
Changes in operating assets and liabilities Increase in subscriber receivables	(1,679)	--
Increase in accounts receivable-affiliates	(124)	--
Increase in prepaid expenses and other current assets	(76)	(4)
Increase in accounts payable and accrued expenses	4,863	--
Increase in accounts payable-affiliates	1,523	--
Increase in advance billings and customer deposits	1,684	--
Change in Other, net	(227)	--
Net cash provided by operating activities	7,296	--
CASH FLOWS FROM INVESTING ACTIVITIES:		
Capital expenditures	(11,468)	--
Acquisitions, net of cash acquired	(554,402)	--
Net cash used in investing activities	(565,870)	--
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from issuance of credit facility	265,888	--
Principal payment on credit facility	(125,013)	--
Proceeds from issuance of senior subordinated debt	150,000	--
Proceeds from issuance of note payable-affiliate	3,341	--
Proceeds from issuance of senior discount notes	110,411	--
Proceeds from other notes payable	600	--
Payments for debt issuance costs	(3,995)	--
Contribution by members	166,630	--
Net cash provided by financing activities	567,862	--
Increase in cash	9,288	--
Cash, beginning of period	--	--
Cash, end of period	$ 9,288	$--
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:		
Cash paid during the period for interest	$ 3,480	$--

The accompanying notes are an integral part of these consolidated financial statements.

AVALON CABLE LLC AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 1998
(DOLLARS IN THOUSANDS)

1. BASIS OF PRESENTATION AND DESCRIPTION OF BUSINESS

Avalon Cable LLC ("Avalon"), and its wholly owned subsidiaries Avalon Cable Holdings Finance, Inc. ("Avalon Holdings Finance") and Avalon Cable of Michigan LLC ("Avalon Michigan"), were formed in October 1998, pursuant to the laws of the State of Delaware, as a wholly owned subsidiary of Avalon Cable of New England Holdings, Inc. ("Avalon New England Holdings").

On November 6, 1998, Avalon New England Holdings contributed its 100% interest in Avalon Cable of New England LLC ("Avalon New England") to Avalon in exchange for a membership interest in Avalon. This contribution was between entities under common control and was accounted for similar to a pooling-of-interests. Under this pooling-of-interests method, the results of operations for Avalon include the results of operations from the date of inception (September 4, 1997) of Avalon New England. On that same date, Avalon received $63,000 from affiliated entities, which was comprised of (i) a $45,000 capital contribution by Avalon Investors, LLC ("Avalon Investors") and (ii) a $18,000 promissory note from Avalon Cable Holdings LLC ("Avalon Holdings"), which was used to make a $62,800 cash contribution to Avalon New England.

The cash contribution received by Avalon New England was used to (i) extinguish existing indebtedness of $29,600 and (ii) fund a $33,200 loan to Avalon Holdings Finance which matures on December 31, 2001.

On December 10, 1998, Avalon received a dividend distribution from Avalon New England in the amount of $18,206, which was used by Avalon to pay off the promissory note payable to Avalon Holdings, plus accrued interest.

Avalon Cable of Michigan, Inc. was formed in June 1998, pursuant to the laws of the state of Delaware, as a wholly owned subsidiary of Avalon Cable of Michigan Holdings, Inc. ("Michigan Holdings".) On June 3, 1998, Avalon Cable of Michigan, Inc. entered into an Agreement and Plan of Merger (the "Agreement") among Avalon Cable of Michigan, Inc., Michigan Holdings and Cable Michigan, Inc. ("Cable Michigan"), pursuant to which Avalon Cable of Michigan, Inc. will merge into Cable Michigan and Cable Michigan will become a wholly owned subsidiary of Michigan Holdings (the "Merger"). As part of the Merger, the name of the company was changed to Avalon Cable of Michigan, Inc.

In accordance with the terms of the Agreement, each share of common stock, par value $1.00 per share ("common stock"), of Cable Michigan outstanding prior to the effective time of the Merger (other than treasury stock shares owned by Michigan Holdings or its subsidiaries, or shares as to which dissenters' rights have been exercised) shall be converted into the right to receive $40.50 in cash (the "Merger Consideration"), subject to certain possible closing adjustments.

In conjunction with the acquisition of Cable Michigan, Avalon Cable of Michigan, Inc. acquired Cable Michigan's 62% ownership interest in Mercom, Inc. ("Mercom").

On November 6, 1998, Avalon Cable of Michigan, Inc. completed its Merger. The total consideration payable in conjunction with the Merger, including fees and expenses is $431,629, including repayment of all existing Cable Michigan indebtedness and accrued interest of $135,205. Subsequent to the Merger, the arrangements with RCN and CTE for certain support services were terminated. The Agreement also permitted Avalon Cable of Michigan, Inc. to agree to acquire the remaining shares of Mercom that it did not own.

Michigan Holdings contributed $137,375 in cash to Avalon Cable of Michigan, Inc., which was used to consummate the Merger. On November 5, 1998, Michigan Holdings received $105,000 in cash in exchange for promissory notes to lenders (the "Bridge Agreement"). On November 6, 1998, Michigan Holdings contributed the proceeds received from the Bridge Agreement and an additional $35,000 in cash to Avalon Cable of Michigan Inc. in exchange for 100 shares of common stock.

On March 26, 1999, Avalon completed a series of transactions to facilitate certain aspects of its financing between affiliated entities under common control. As a result of these transactions:

- Avalon Cable of Michigan Inc. contributed its assets and liabilities excluding deferred tax liabilities, net to Avalon in exchange for an approximate 88% voting interest in Avalon. Avalon contributed these assets and liabilities to its wholly-owned subsidiary, Avalon Cable of Michigan.

- Avalon Michigan has become the operator of the Michigan cluster replacing Avalon Cable of Michigan, Inc.

- Avalon Michigan is an obligor on the Senior Subordinated Notes replacing Avalon Cable of Michigan, Inc., and

- Avalon Cable of Michigan, Inc. is a guarantor of the obligations of Avalon Michigan under the Senior Subordinated Notes. Avalon Cable of Michigan, Inc. does not have significant assets, other than its investment in Avalon.

- Avalon is an obligor on the Senior Discount Notes replacing Avalon Cable of Michigan Holdings, Inc.

As a result of the reorganization between entities under common control, Avalon accounted for the reorganization similar to a pooling-of-interests. Under the pooling-of-interests method, the results of operations for Avalon include the results of operations from the date of inception (June 2, 1998) inception of Avalon Cable of Michigan, Inc. and the date of acquisition of the completed acquisitions.

Avalon New England and Avalon Michigan provide cable service to the western New England area and the state of Michigan, respectively. Avalon cable systems offer customer packages of basic and premium cable programming services which are offered at a per channel charge or are packaged together to form a tier of services offered at a discount from the combined channel rate. Avalon cable systems also provide premium cable services to their customers for an extra monthly charge. Customers generally pay initial connection charges and fixed monthly fees for cable programming and premium cable services, which constitute the principal sources of revenue for Avalon.

Avalon Holdings Finance was formed for the sole purpose of facilitating financings associated with the acquisitions of various cable operating companies. Avalon Holdings Finance conducts no other activities.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of consolidation

The consolidated financial statements of Avalon and its subsidiaries, include the accounts of Avalon and its wholly owned subsidiaries, Avalon New England, Avalon Michigan and Avalon Holdings Finance (collectively, the "Company"). All significant transactions between Avalon and its subsidiaries have been eliminated.

Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and use assumptions that affect the reported amounts of assets and liabilities and the disclosure for contingent assets and liabilities at the date of the financial statements as well as the reported amounts of revenues and expenses during the reported period. Actual results may vary from estimates used.

Revenue recognition

Revenue is recognized as cable services are provided. Installation fee revenue is recognized in the period in which the installation occurs to the extent that direct selling costs meet or exceed installation revenues.

Advertising costs

Advertising costs are charged to operations as incurred. Advertising costs were $82 for the year ended December 31, 1998.

Concentration of credit risk

Financial instruments which potentially expose the Company to a concentration of credit risk include cash and subscriber and other receivables. The Company had cash in excess of federally insured deposits at financial institutions at December 31, 1998. The Company does not believe that such deposits are subject to any unusual credit risk beyond the normal credit risk associated with operating its business. The Company extends credit to customers on an unsecured basis in the normal course of business. The Company maintains reserves for potential credit losses and such losses, in the aggregate, have not historically exceeded management's expectations. The Company's trade receivables reflect a customer base centered in the state of Michigan and New England. The Company routinely assesses the financial strength of its customers; as a result, concentrations of credit risk are limited.

Property, plant and equipment

Property, plant and equipment is stated at its fair value for items acquired from Cable Michigan, historical cost for the minority interests share of Mercom property, plant and equipment and cost for additions subsequent to the merger. Initial subscribers installation costs, including materials, labor and overhead costs, are capitalized as a component of cable plant and equipment. The cost of disconnection and reconnection are charged to expense when incurred.

Depreciation is computed for financial statement purposes using the straight-line method based upon the following lives:

Vehicles	5 years
Cable plant and equipment	5-12 years
Office furniture and equipment	5-10 years
Buildings and improvements	10-25 years

Intangible assets

Intangible assets represent the estimated fair value of cable franchises and goodwill resulting from acquisitions. Goodwill is the excess of the purchase price over the fair value of the net assets acquired, determined through an independent appraisal. Deferred financing costs represent direct costs incurred to obtain long-term financing and are amortized to interest expense over the term of the underlying debt utilizing the effective interest method. Amortization is computed for financial statement purposes using the straight-line method based upon the anticipated economic lives:

Cable franchises	13-15 years
Goodwill	15 years
Non-compete agreement	5 years

Accounting for impairments

The Company follows the provisions of Statement of Financial Accounting Standards No. 121 -- "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed of" ("SFAS 121").

SFAS 121 requires that long-lived assets and certain identifiable intangibles to be held and used by an entity be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. In performing the review for recoverability, the Company estimates the net future cash flows expected to result from the use of the asset and its eventual disposition. If the sum of the expected net future cash flows (undiscounted and without interest charges) is less than the carrying amount of the asset, an impairment loss is recognized. Measurement of an impairment loss for long-lived assets and identifiable intangibles expected to be held and used is based on the fair value of the asset.

No impairment losses have been recognized by the Company pursuant to SFAS 121.

Financial instruments

The Company estimates that the fair value of all financial instruments at December 31, 1998 does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying balance sheet. The fair value of the notes payable-affiliate are considered to be equal to carrying values since the Company believes that its credit risk has not changed from the time this debt instrument was executed and therefore, would obtain a similar rate in the current market.

Income taxes

The Company is not subject to federal and state income taxes since the income or loss of the Company is included in the tax returns of Avalon Cable of Michigan, Inc. and the Company's minority partners. However, Mercom, its majority-owned subsidiary is subject to taxes that are accounted for using Statement of Financial Accounting Standards No. 109 -- "Accounting for Income Taxes". The statement requires the use of an asset and liability approach for financial reporting purposes. The asset and liability approach requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of temporary differences between financial reporting basis and tax basis of assets and liabilities. If it is more likely than not that some portion or all of a deferred tax asset will not be realized, a valuation allowance is recognized.

3. MEMBERS' CAPITAL

Avalon has authorized two classes of equity units; class A units ("Class A Units") and class B units ("Class B Units") (collectively, the "Units"). Each class of the Units represents a fractional part of the membership interests in Avalon and has the rights and obligations specified in Avalon's Limited Liability Company Agreement. Each Class B Unit is entitled to voting rights equal to the percentage such units represents of the aggregate number of outstanding Class B Units. The Class A Units are not entitled to voting rights.

Class A Units

The Class A Units are participating preferred equity interests. A preferred return accrues annually (the Company's "Preferred Return") on the initial purchase price (the Company's "Capital Value") of each Class A Unit at a rate of 15, or 17% under certain circumstances, per annum. The Company cannot pay distributions in respect of other classes of securities including distributions made in connection with a liquidation until the Company's Capital Value and accrued Preferred Return in respect of each Class A Unit is paid to the holders thereof (such distributions being the Company's "Priority Distributions"). So long as any portion of the Company's Priority Distributions remains unpaid, the holders of a majority of the Class A Units are entitled to block certain actions by the Company including the payment of certain distributions, the issuance of senior or certain types of pari passu equity securities or the entering into or amending of certain related-party agreements. In addition to the Company's Priority Distributions, each Class A Unit is also entitled to participate in common distributions, pro rata according to the percentage such unit represents of the aggregate number of the Company's units then outstanding.

Class B Units

The Class B Units are junior equity securities which are divided into two identical subclasses, Class B-1 Units and Class B-2 Units. After the payment in full of Avalon's Priority Distributions, each Class B Unit is entitled to participate in distributions pro rata according to the percentage such unit represents of the aggregate number of the Avalon units then outstanding.

4. MERGER AND ACQUISITIONS

The Merger was accounted for using the purchase method of accounting. Accordingly, the consideration was allocated to the net assets acquired based on their fair market values at the date of the Merger. The purchase price was allocated as follows: current assets and liabilities at fair values of $470, approximately $94,000 to property, plant and equipment, $315,000 to cable franchises and the excess of consideration paid over the fair market value of the net assets acquired, or goodwill, of $81,705, offset by deferred taxes net of $60,000.

AVALON CABLE LLC AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

The Merger agreement between Michigan Holdings and Avalon Cable of Michigan, Inc. permitted Avalon Cable of Michigan, Inc. to agree to acquire the 1,822,810 shares (approximately 38% of the outstanding stock) of Mercom that it did not own (the "Mercom Acquisition"). On September 10, 1998 Avalon Cable of Michigan, Inc. and Mercom entered into a definitive agreement (the "Mercom Merger Agreement") providing for the acquisition by Avalon Cable of Michigan, Inc. of all of such shares at a price of $12.00 per share. Avalon Cable of Michigan, Inc. completed this acquisition in March 1999. The total estimated consideration payable in conjunction with the Mercom Acquisition, excluding fees and expenses was $21,900.

In March 1999, Avalon Michigan acquired the cable television systems of Nova Cablevision, Inc., Nova Cablevision VI, L.P. and Nova Cablevision VII, L.P. for approximately $7,800, excluding transaction fees.

On May 29, 1998, the Company acquired certain assets of Amrac Clear View, A Limited Partnership ("Amrac") for consideration of $8,124, including acquisition costs of $589. The acquisition was accounted for using the purchase method of accounting. Accordingly, the consideration was allocated to the net assets acquired based on the fair market values at the date of acquisition as determined through the use of an independent appraisal. The excess of the consideration paid over the estimated fair market value of the net assets acquired, or goodwill, was $256.

On July 21, 1998, the Company acquired certain assets and liabilities from Pegasus Cable Television, Inc. and Pegasus Cable Television of Connecticut, Inc. (collectively, "Pegasus") for consideration of $30,467, including acquisition costs of $175. The acquisition was accounted for using the purchase method of accounting. Accordingly, the consideration was allocated to the net assets acquired based on the fair market values at the date of acquisition as determined through use of an independent appraisal. The excess of the consideration paid over the estimated fair market value of the net assets acquired, or goodwill, was $977.

Unaudited pro forma results of operations of the Company for the year ended December 31, 1998, as if the Merger and acquisitions occurred on January 1, 1998.

	DECEMBER 31, 1998 (UNAUDITED)
Revenues	$ 96,751
Loss from operations	$ (5,292)
Net loss	$(22,365)

In September 1998, the Company entered into a definitive agreement to purchase all of the cable systems of Taconic Technology Corporation ("Taconic") for approximately $8,525 (excluding transaction fees). As of December 31, 1998, the Company incurred $41 of transaction costs related to the acquisition of Taconic. This merger is expected to close in the second quarter of 1999.

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

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

AVALON CABLE LLC AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

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.

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)

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.

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.

/s/ PRICEWATERHOUSECOOPERS LLP

New York, New York
March 30, 1999, except for Note 13,
as to which the date is May 13, 1999

AVALON CABLE OF MICHIGAN HOLDINGS, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEET

	DECEMBER 31, 1998	DECEMBER 31, 1997
	(DOLLARS IN THOUSANDS)	
ASSETS		
Cash	$ 9,288	$ --
Accounts receivable, net of allowance for doubtful accounts of $943	5,862	--
Prepayments and other current assets	1,388	504
Accounts receivable from related parties	124	--
Deferred income taxes	377	--
Current assets	17,039	504
Property, plant and equipment, net	111,421	--
Intangible assets, net	462,117	--
Deferred charges and other assets	1,302	--
Total assets	$591,879	$504
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current portion of notes payable	$ 20	$ --
Accounts payable and accrued expenses	11,646	--
Advance billings and customer deposits	3,171	--
Accounts payable-affiliate	2,023	500
Current liabilities	16,860	500
Long-term debt	402,949	--
Notes payable-affiliate	3,341	--
Deferred income taxes	80,811	--
Total liabilities	503,961	500
Commitments and contingencies (Note 11)	--	--
Minority interest	61,836	4
Stockholders equity:		
Common stock	--	--
Additional paid-in capital	35,000	--
Accumulated deficit	(8,918)	--
Total shareholders' equity	26,082	--
Total liabilities and shareholders' equity	$591,879	$504

The accompanying notes are an integral part of these consolidated financial statements.

AVALON CABLE OF MICHIGAN HOLDINGS, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS

	FOR THE YEAR ENDED DECEMBER 31, 1998	FOR THE PERIOD SEPTEMBER 4, 1997 (INCEPTION) THROUGH DECEMBER 31, 1997
	(DOLLARS IN THOUSANDS)	
REVENUE:		
Basic services	$14,976	$ --
Premium services	1,468	--
Other	1,743	--
	18,187	--
OPERATING EXPENSES:		
Selling, general and administrative	4,207	--
Programming	4,564	--
Technical and operations	1,951	--
Depreciation and amortization	8,183	--
Loss from operations	(718)	--
Interest income	173	4
Interest expense	(8,223)	--
Other expense, net	(65)	--
Income (loss) before income taxes	(8,833)	4
(Benefit) from income taxes	(2,754)	--
Income (loss) before minority interest and extraordinary item	(6,079)	4
Minority interest in income of consolidated entity	1,331	(4)
Income (loss) before extraordinary item	(4,748)	--
Extraordinary loss on extinguishment of debt (net of tax of $1,743)	(4,170)	--
Net income (loss)	$(8,918)	$ --

The accompanying notes are an integral part of these consolidated financial statements.

AVALON CABLE OF MICHIGAN HOLDINGS, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE PERIOD FROM SEPTEMBER 4, 1997 (INCEPTION) THROUGH DECEMBER 31, 1998

	COMMON SHARES OUTSTANDING	COMMON STOCK	ADDITIONAL PAID-IN CAPITAL	ACCUMULATED DEFICIT	TOTAL SHAREHOLDERS' EQUITY
		(IN THOUSANDS, EXCEPT SHARE AMOUNTS)			
Net income from date of inception through December 31, 1997	--	$--	$ --	$ --	$ --
Balance, January 1, 1998	100	--	--	--	--
Net loss	--	--	--	(8,918)	(8,918)
Contributions by parent	--	--	35,000	--	35,000
Balance, December 31, 1998	100	$--	$35,000	$(8,918)	$26,082

The accompanying notes are an integral part of these consolidated financial statements.

AVALON CABLE OF MICHIGAN HOLDINGS, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS

	FOR THE YEAR ENDED DECEMBER 31, 1998	FOR THE PERIOD FROM SEPTEMBER 4, 1997 (INCEPTION) THROUGH DECEMBER 31, 1997
	(DOLLARS IN THOUSANDS)	
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income (loss)	$ (8,918)	$ 4
Extraordinary loss on extinguishment of debt	4,170	--
Depreciation and amortization	8,183	--
Deferred income taxes, net	82,370	--
Provision for loss on accounts receivable	75	--
Increase in minority interest	1,331	--
Accretion on senior discount notes	1,083	--
Net change in certain assets and liabilities, net of business acquisitions Increase in accounts receivable	(1,679)	--
Increase in accounts receivable from related parties	(124)	--
Increase in prepayment and other current assets	(884)	(4)
Increase in accounts payable and accrued expenses	4,863	--
Increase in accounts payable to related parties	1,523	--
Increase in deferred revenue	1,684	--
Change in Other, net	1,339	--
Net cash provided by operating activities	92,338	--
CASH FLOWS FROM INVESTING ACTIVITIES:		
Additions to property, plant and equipment	(11,468)	--
Payment for acquisition	(554,402)	--
Net cash used in investing activities	565,870	--
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from the issuance of the Credit Facility	265,888	--
Principal payment on debt	(125,013)	--
Proceeds from the issuance of senior subordinated notes	150,000	--
Payments made on bridge loan	(105,000)	--
Proceeds from bridge loan	105,000	--
Proceeds from the senior discount notes	110,411	--
Proceeds from sale to minority interest	46,588	--
Proceeds from other notes payable	600	--
Proceeds from the issuance of note payable affiliate	3,341	--
Payments made for debt financing costs	(3,995)	--
Proceeds from the issuance of common stock	35,000	--
Net cash provided by financing activities	482,820	--
Net increase in cash	9,288	--
Cash at beginning of the period	--	--
Cash at end of the period	$ 9,288	$ --
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:		
Cash paid during the year for Interest	$ 3,480	$ --
Income taxes	--	--

The accompanying notes are an integral part of these consolidated financial statements.

AVALON CABLE OF MICHIGAN HOLDINGS, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(DOLLARS IN THOUSANDS EXCEPT PER SHARE DATA)
DECEMBER 31, 1998

1. BASIS OF PRESENTATION AND DESCRIPTION OF BUSINESS

Avalon Cable of Michigan Holdings, Inc. ("the Company") was formed in June 1998, pursuant to the laws of the state of Delaware. Avalon Cable of Michigan Inc. ("Avalon Michigan") was formed in June 1998, pursuant to the laws of the state of Delaware as a wholly owned subsidiary of the Company. On June 3, 1998, Avalon Michigan entered into an Agreement and Plan of Merger (the "Agreement") among the Company, Cable Michigan, Inc. ("Cable Michigan") and Avalon Michigan, pursuant to which Avalon Michigan will merge into Cable Michigan and Cable Michigan will become a wholly owned subsidiary of the Company (the "Merger").

In accordance with the terms of the Agreement, each share of common stock, par value $1.00 per share ("common stock"), of Cable Michigan outstanding prior to the effective time of the Merger (other than treasury stock shares owned by the Company or its subsidiaries, or shares as to which dissenters' rights have been exercised) shall be converted into the right to receive $40.50 in cash (the "Merger Consideration"), subject to certain possible closing adjustments.

In conjunction with the acquisition of Cable Michigan, Avalon Michigan acquired Cable Michigan's 62% ownership interest in Mercom, Inc. ("Mercom").

On November 6, 1998, Avalon Michigan completed its merger into and with Cable Michigan. The total consideration paid in conjunction with the merger, including fees and expenses was $431,629, including repayment of all existing Cable Michigan indebtedness and accrued interest of $135,205. Subsequent to the merger, the arrangements with RCN and CTE for certain support services were terminated. The Agreement also permitted Avalon Michigan to agree to acquire the remaining shares of Mercom that it did not own.

The Company contributed $137,375 in cash to Avalon Michigan, which was used to consummate the Merger. On November 5, 1998, the Company received $105,000 in cash in exchange for promissory notes to lenders (the "Bridge Agreement"). On November 6, 1998, the Company contributed the proceeds received from the Bridge Agreement and an additional $35,000 in cash to Avalon Michigan in exchange for 100 shares of common stock.

On November 6, 1998, Avalon Cable of New England Holdings, Inc. contributed its 100% interest in Avalon Cable of New England LLC ("Avalon New England") to Avalon Cable LLC in exchange for a membership interest in Avalon Cable LLC. This contribution was between entities under common control and was accounted for similar to a pooling-of-interests. Under this pooling-of-interests method, the results of operations for Avalon include the results of operations from the date of inception (September 4, 1997) of Avalon New England. On that same date, Avalon Cable LLC received $63,000 from affiliated entities, which was comprised of (i) a $45,000 capital contribution by Avalon Investors, LLC ("Avalon Investors") and (ii) a $18,000 promissory note from Avalon Cable Holdings LLC ("Avalon Holdings"), which was used to make a $62,800 cash contribution to Avalon New England.

The cash contribution received by Avalon New England was used to (i) extinguish existing indebtedness of $29,600 and (ii) fund a $33,200 loan to Avalon Holdings Finance which matures on December 31, 2001.

On December 10, 1998, Avalon Cable LLC received a dividend distribution from Avalon New England in the amount of $18,206, which was used by Avalon Cable LLC to pay off the promissory note payable to Avalon Holdings, plus accrued interest.

On March 26, 1999, after the acquisition of Mercom, Inc., the Company completed a series of transactions to facilitate certain aspects of its financing between affiliated entities under common control. As a result of these transactions:

- Avalon Michigan contributed its assets and liabilities excluding deferred tax liabilities, net to Avalon Cable LLC in exchange for an approximate 88% voting interest in Avalon Cable LLC. Avalon Cable LLC contributed these assets and liabilities to its wholly-owned subsidiary, Avalon Cable of Michigan LLC ("Avalon Michigan LLC");

- Avalon Michigan LLC has become the operator of the Michigan cluster replacing Avalon Michigan;

- Avalon Michigan LLC is an obligor on the Senior Subordinated Notes replacing Avalon Michigan; and

- Avalon Michigan is a guarantor of the obligations of Avalon Michigan LLC under the Senior Subordinated Notes. Avalon Michigan does not have significant assets, other than its investment in Avalon Cable LLC.

- The Company contributed the Senior Discount Notes to Avalon Cable LLC and became a guarantor of the Senior Discount Notes. The Company does not have significant assets, other than its 88% investment in Avalon Cable LLC.

As a result of this reorganization between entities under common control, the Company accounted for the reorganization similar to a pooling-of-interests. Under the pooling-of-interests method, the results of operations include the results of operations from the earliest date that a member became a part of the control group by inception or acquisition. For the Company, the results of operations are from the date of inception (September 4, 1997) for Avalon New England, a wholly-owned subsidiary of Avalon Cable LLC.

Avalon Michigan has a majority-interest in Avalon Cable LLC. Avalon Cable LLC wholly-owns Avalon Cable Holdings Finance, Avalon New England, and Avalon Michigan LLC.

Avalon New England and Avalon Michigan provide cable service to the western New England area and the state of Michigan, respectively. Avalon New England and Avalon Michigan LLC's cable systems offer customer packages for basic cable programming services which are offered at a per channel charge or packaged together to form a tier of services offered at a discount from the combined channel rate. Avalon New England and Avalon Michigan LLC's cable systems also provide premium cable services to their customers for an extra monthly charge. Customers generally pay initial connection charges and fixed monthly fees for cable programming and premium cable services, which constitute the principle sources of revenue for the Company.

Avalon Holdings Finance was formed for the sole purpose of facilitating financings associated with the acquisitions of various cable operating companies. Avalon Holdings Finance conducts no other activities.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of consolidation

The consolidated financial statements of the Company include the accounts of the Company and of all its wholly and majority owned subsidiaries. All significant transactions between the Company and its subsidiaries have been eliminated.

Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Revenue recognition

Revenues from cable services are recorded in the month the service is provided. Installation fee revenue is recognized in the period in which the installation occurs to the extent that direct selling costs meet or exceed installation revenues.

Advertising expense

Advertising costs are expensed as incurred. Advertising expense charged to operations was $82 for the year ended December 31, 1998.

Concentration of credit risk

Financial instruments which potentially expose the Company to a concentration of credit risk include cash and subscriber and other receivables. The Company had cash in excess of federally insured deposits at financial institutions at December 31, 1998. The Company does not believe that such deposits are subject to any unusual credit risk beyond the normal credit risk associated with operating its business. The Company extends credit to customers on an unsecured basis in the normal course of business. The Company maintains reserves for potential credit losses and such losses, in the aggregate, have not historically exceeded management's expectations. The Company's trade receivables reflect a customer base centered in Michigan and New England. The Company routinely assesses the financial strength of its customers; as a result, concentrations of credit risk are limited.

Property, plant and equipment

Property, plant and equipment is stated at its fair value for items acquired from Cable Michigan, historical cost for the minority interests' share of Mercom property, plant and equipment and cost for additions subsequent to the merger. Initial subscribers installation costs, including materials, labor and overhead costs, are capitalized as a component of cable plant and equipment. The cost of disconnection and reconnection are charged to expense when incurred.

AVALON CABLE OF MICHIGAN HOLDINGS, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)
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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

AVALON CABLE OF MICHIGAN HOLDINGS, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)
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Amortization expense for the year ended December 31, 1998 was $6,342.

6. ACCOUNT PAYABLE AND ACCRUED EXPENSES

Accounts payable and accrued expenses consist of the following:

Accounts payable	$ 5,321
Accrued corporate expenses	404
Accrued cable programming costs	2,388
Accrued taxes	1,383
Other	2,150
	$11,646

7. INCOME TAXES

The income tax provision (benefit) in the accompanying consolidated financial statements of operations is comprised of the following:

	1998
CURRENT	
Federal	$ 243
State	--
Total Current	243
DEFERRED	
Federal	(2,757)
State	(240)
Total Deferred	(2,997)
Total (benefit) for income taxes	$(2,754)

The benefit for income taxes is different from the amounts computed by applying the U.S. statutory federal tax rate of 35% for 1998. The differences are as follows:

	1998
(Loss) before (benefit) for income taxes	$(8,833)
Federal tax (benefit) at statutory rates	$(3,092)
State income taxes	(177)
Goodwill	77
Benefit for taxes allocated to minority partners	84
(Benefit) for income taxes	$(3,108)

YEAR	TAX NET OPERATING LOSSES	EXPIRATION DATE
1998	$10,360	2018

AVALON CABLE OF MICHIGAN HOLDINGS, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)
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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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)
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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.

AVALON CABLE OF MICHIGAN HOLDINGS, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)
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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 101% of the aggregate principal amount thereof plus accrued and unpaid interest and liquidated damages thereon, if any, to the date of purchase.

(DOLLARS IN THOUSANDS EXCEPT PER SHARE DATA)

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.

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.

/s/ 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

(DOLLARS IN THOUSANDS EXCEPT SHARE AMOUNTS)

	COMMON SHARES OUTSTANDING	COMMON STOCK	ADDITIONAL PAID-IN CAPITAL	DEFICIT	SHAREHOLDER'S NET INVESTMENT	TOTAL SHAREHOLDERS' DEFICIT
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.

CABLE MICHIGAN, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

Stock-based compensation

The Company applies Accounting Principles Board Opinion No. 25 -- "Accounting for Stock Issued to Employees" ("APB 25") in accounting for its stock plans. The Company has adopted the disclosure-only provisions of Statement of Financial Accounting Standards No. 123 -- "Accounting for Stock-Based Compensation" ("SFAS 123").

Earnings (loss) per share

The Company has adopted statement of Financial Accounting Standards No. 128 -- "Earnings Per Share" ("SFAS 128"). Basic earnings (loss) per share is computed based on net income (loss) divided by the weighted average number of shares of common stock outstanding during the period.

Diluted earnings (loss) per share is computed based on net income (loss) divided by the weighted average number of shares of common stock outstanding during the period after giving effect to convertible securities considered to be dilutive common stock equivalents. The conversions of stock options during periods in which the Company incurs a loss from continuing operations is not assumed since the effect is anti-dilutive. The number of stock options which would have been converted in 1997 and in 1998 and had a dilutive effect if the Company had income from continuing operations are 55,602 and 45,531, respectively.

For periods prior to October 1, 1997, during which the Company was a wholly owned subsidiary of C-TEC, earnings (loss) per share was calculated by dividing net income (loss) by one-fourth the average common shares of C-TEC outstanding, based upon a distribution ratio of one share of Company common stock for each four shares of C-TEC common equity owned.

Income taxes

The Company and Mercom file separate consolidated federal income tax returns. Prior to the Distribution, income tax expense was allocated to C-TEC's subsidiaries on a separate return basis except that C-TEC's subsidiaries receive benefit for the utilization of net operating losses and investment tax credits included in the consolidated tax return even if such losses and credits could not have been used on a separate return basis. The Company accounts for income taxes using Statement of Financial Accounting Standards No. 109 -- "Accounting for Income Taxes". The statement requires the use of an asset and liability approach for financial reporting purposes. The asset and liability approach requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of temporary differences between financial reporting basis and tax basis of assets and liabilities. If it is more likely than not that some portion or all of a deferred tax asset will not be realized, a valuation allowance is recognized.

Reclassification

Certain amounts have been reclassified to conform with the current year's presentation.

3. BUSINESS COMBINATION AND DISPOSITIONS

The Agreement between Avalon Cable of Michigan Holdings, Inc. and the Company permitted the Company to agree to acquire the 1,822,810 shares (approximately 38% of the outstanding stock) of Mercom that it did not own (the "Mercom Acquisition"). On September 10, 1998 the Company and Mercom entered into a definitive agreement (the "Mercom Merger Agreement") providing for the acquisition by the Company of all of such shares at a price of $12.00 per share. The Company completed this acquisition in March 1999. The total estimated consideration payable in conjunction with the Mercom Acquisition, excluding fees and expenses was $21,900.

In March 1999, Avalon Michigan Inc. acquired the cable television systems of Nova Cablevision, Inc., Nova Cablevision VI, L.P. and Nova Cablevision VII, L.P. for approximately $7,800, excluding transaction fees.

In July 1997, Mercom sold its cable system in Port St. Lucie, Florida for cash of approximately $3,500. The Company realized a pretax gain of $2,571 on the transaction.

4. PROPERTY, PLANT AND EQUIPMENT

	DECEMBER 31, 1997	NOVEMBER 5, 1998
Cable plant	$158,655	$ 174,532
Buildings and land	2,837	2,917
Furniture, fixtures and vehicles	5,528	6,433
Construction in process	990	401
Total property, plant and equipment	168,010	184,283
Less accumulated depreciation	(94,174)	(106,718)
Property, plant and equipment, net	$ 73,836	$ 77,565

Depreciation expense was $15,728, $16,431 and $14,968 for the years ended December 31, 1996 and 1997, and the period from January 1, 1998 to November 5, 1998, respectively.

5. INTANGIBLE ASSETS

Intangible assets consist of the following at:

	DECEMBER 31, 1997	NOVEMBER 5, 1998
Cable Franchises	$134,889	$ 134,889
Noncompete agreements	473	473
Goodwill	3,990	3,990
Other	1,729	1,729
Total	141,081	141,081
Less accumulated amortization	(95,821)	(108,951)
Intangible assets, net	$ 45,260	$ 32,130

Amortization expense charged to operations for the years ended December 31, 1996 and 1997 was $15,699 and $15,651, respectively, and $13,130 for the period from January 1, 1998 to November 5, 1998.

6. INCOME TAXES

The income tax provision (benefit) in the accompanying consolidated financial statements of operations is comprised of the following:

	1996	1997	1998
CURRENT:			
Federal	$(6,700)	$ 245	$ 320
State	--	--	28
Total Current	(6,700)	245	348
DEFERRED:			
Federal	988	(4,359)	(2,074)
State	--	--	(183)
Total Deferred	988	(4,359)	(2,257)
Total (benefit) for income taxes	$(5,712)	$(4,114)	$(1,909)

The benefit for income taxes is different from the amounts computed by applying the U.S. statutory federal tax rate of 35% for 1996, 34% for 1997 and 35% for the period from January 1, 1998 to November 5, 1998. The differences are as follows:

	YEAR ENDED DECEMBER 31, 1996	YEAR ENDED DECEMBER 31, 1997	PERIOD FROM JANUARY 1, 1998 TO NOVEMBER 11, 1998
(Loss) before (benefit) for income taxes	$(15,119)	$(8,525)	$(12,368)
Federal tax (benefit) at statutory rates	$ (5,307)	$(2,899)	$ (4,329)
State income taxes	--	--	(101)
Goodwill	175	171	492
Increase (decrease) in valuation allowance	(518)	(1,190)	--
Nondeductible expenses	--	147	2,029
Benefit of rate differential applied to reversing timing differences	--	(424)	--
Other, net	(62)	81	--
(Benefit) for income taxes	$ (5,712)	$(4,114)	$ (1,909)

Mercom, which files a separate consolidated income tax return, has the following net operating losses available:

YEAR	TAX NET OPERATING LOSSES	EXPIRATION DATE
1992	$ 435	2007
1995	$2,713	2010

In 1997, Mercom was liable for Federal Alternative Minimum Tax (AMT). At December 31, 1997 and at November 5, 1998, the cumulative minimum tax credits are $141 and $141, respectively. This amount can be carried forward indefinitely to reduce regular tax liabilities that exceed AMT in future years.

CABLE MICHIGAN, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

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.

CABLE MICHIGAN, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

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,		FOR THE PERIOD FROM JANUARY 1, TO NOVEMBER 5,
	1996	1997	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.

CABLE MICHIGAN, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

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)	(0.23)
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	(0.16)

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.

/s/ PRICEWATERHOUSECOOPERS LLP

Boston, Massachusetts
September 11, 1998

AMRAC CLEAR VIEW, A LIMITED PARTNERSHIP

BALANCE SHEET
MAY 28, 1998

ASSETS	
Current Assets	
Cash and cash equivalents	$ 415,844
Subscribers and other receivables, net of allowance for doubtful accounts of $16,445	45,359
Prepaid expenses and other current assets	129,004
Total current assets	590,207
Property, plant and equipment, net	483,134
	$1,073,341

LIABILITIES AND PARTNERS' EQUITY	
Accounts payable	$ 57,815
Accrued expenses	84,395
Total current liabilities	142,210
Commitments and contingencies (Note 7)	
Partners' equity	931,131
	$1,073,341

The accompanying notes are an integral part of these financial statements.

AMRAC CLEAR VIEW, A LIMITED PARTNERSHIP

STATEMENT OF OPERATIONS
FOR THE PERIOD FROM JANUARY 1, 1998 THROUGH MAY 28, 1998

REVENUE:	
Basic services	$651,878
Premium services	78,365
Other	49,067
	779,310
OPERATING EXPENSES:	
Programming	193,093
Selling, general and administrative	151,914
Technical and operations	98,628
Depreciation and amortization	47,268
Management fees	41,674
Income from operations	246,733
Interest income	2,319
Interest (expense)	(1,871)
Net income	$247,181

The accompanying notes are an integral part of these financial statements.

AMRAC CLEAR VIEW, A LIMITED PARTNERSHIP

STATEMENT OF CHANGES IN PARTNERS' EQUITY (DEFICIT)
FOR THE PERIOD FROM JANUARY 1, 1998 THROUGH MAY 28, 1998

	GENERAL PARTNER	CLASS A LIMITED PARTNER	CLASS B LIMITED PARTNER	INVESTOR LIMITED PARTNERS	TOTAL
Partners' (deficit) equity at December 31, 1997	$(6,756)	$(6,756)	$(2,703)	$700,165	$683,950
Net income	6,180	6,180	2,472	232,349	247,181
Partners' equity at May 28, 1998	$ (576)	$ (576)	$ (231)	$932,514	$931,131

The accompanying notes are an integral part of these financial statements.

AMRAC CLEAR VIEW, A LIMITED PARTNERSHIP

STATEMENT OF CASH FLOWS
FOR THE PERIOD FROM JANUARY 1, 1998 THROUGH MAY 28, 1998

CASH FLOWS FROM OPERATING ACTIVITIES	
Net income	$247,181
Adjustments to reconcile net earnings to net cash provided by operating activities:	
Depreciation and amortization	47,268
CHANGES IN OPERATING ASSETS AND LIABILITIES:	
Decrease in subscribers and other receivables	21,038
Increase in prepaid expenses and other current assets	(52,746)
Increase in accounts payable	9,866
Increase in accrued expenses	3,127
Net cash provided by operating activities	275,734
CASH FLOWS FOR INVESTING ACTIVITIES	
Capital expenditures	(61,308)
Cash flows for financing activities Repayment of long-term debt	(560,500)
Net increase in cash and cash equivalents	(346,074)
Cash and cash equivalents, beginning of the period	761,918
Cash and cash equivalents, end of the period	$415,844
SUPPLEMENTAL DISCLOSURES	
Cash paid during the period for:	
Interest	$ 6,939

The accompanying notes are an integral part of these financial statements.

AMRAC CLEAR VIEW, A LIMITED PARTNERSHIP

NOTES TO FINANCIAL STATEMENTS

1. ORGANIZATION AND NATURE OF BUSINESS

The Partnership is a Massachusetts limited partnership created pursuant to a Limited Partnership Agreement, dated as of October 1, 1986, as amended (the "Partnership Agreement"), by and among (1) Amrac Telecommunications as the general partner (the "General Partner"), (2) Clear View Cablevision, Inc. as the class A limited partner (the "Class A Limited Partner"), (3) Schuparra Properties, Inc., as the class B limited partner (the "Class B Limited Partner"), and (4) those persons admitted to the Partnership from time to time as investor limited partners (the "Investor Limited Partner").

The Partnership provides cable television service to the towns of Hadley and Belchertown located in western Massachusetts. At May 28, 1998, the Partnership provided services to approximately 5,100 customers residing in those towns.

The Partnership's cable television systems offer customer packages of basic and cable programming services which are offered at a per channel charge or are packaged together to form a tier of services offered at a discount from the combined channel rate. The Partnership's cable television systems also provide premium television services to their customers for an extra monthly charge. Customers generally pay initial connection charges and fixed monthly fees for cable programming and premium television services, which constitute the principal sources of revenue for the Partnership.

On October 7, 1997, the Partnership entered into a definitive agreement with Avalon Cable of New England LLC ("Avalon New England") whereby Avalon New England would purchase the assets and operations of the Partnership for $7,500,000. This transaction was consummated and became effective on May 29, 1998. The assets and liabilities at May 28, 1998, have not been adjusted or reclassified to reflect this transaction.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and use assumptions that affect the reported amounts of assets and liabilities and the disclosure for contingent assets and liabilities at the date of the financial statements as well as the reported amounts of revenues and expenses during the reported period. Actual results may vary from estimates used.

Cash and Cash Equivalents

Cash and cash equivalents include highly liquid investments purchased with an initial maturity of three months or less.

Revenue Recognition

Revenue is recognized as cable television services are provided.

Concentration of Credit Risk

Financial instruments which potentially expose the Partnership to a concentration of credit risk include cash, cash equivalents and subscriber and other receivables. The Partnership does not believe that such deposits are subject to any unusual credit risk beyond the normal credit risk associated with operating its business. The Partnership extends credit to customers on an unsecured basis in the normal course of business. The Partnership maintains reserves for potential credit losses and such losses, in the aggregate, have not historically exceeded management's expectations.

AMRAC CLEAR VIEW, A LIMITED PARTNERSHIP

NOTES TO FINANCIAL STATEMENTS -- (CONTINUED)

Property and Equipment

Property and equipment is stated at cost. Initial subscriber installation costs, including material, labor and overhead costs, are capitalized as a component of cable plant and equipment. Depreciation is computed for financial statement purposes using the straight-line method based upon the following lives:

Cable plant and equipment	10 years
Office furniture and equipment	5 to 10 years
Vehicles	6 years

Financial Instruments

The Partnership estimates that the fair value of all financial instruments at May 28, 1998 does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying balance sheet.

Income Taxes

The Partnership is not subject to federal and state income taxes. Accordingly, no recognition has been given to income taxes in the accompanying financial statements of the Partnership since the income or loss of the Partnership is to be included in the tax returns of the individual partners.

Allocation of Profits and Losses and Distributions of Cash Flow

Partnership profits and losses (other than those arising from capital transactions, described below) and distributions of cash flow are allocated 94% to the Investor Limited Partners, 2.5% to the Class A Limited Partner, 1% to the Class B Limited Partner and 2.5% to the General Partner until Payout (as defined in the Partnership Agreement) and after Payout, 65% to the Investor Limited Partners, 15% to the Class A Limited Partner, 5% to the Class B Limited Partner and 15% to the General Partner.

Partnership profits and capital transactions are allocated first, in proportion to the partners' respective capital accounts until their respective account balances are zero and second, in proportion to any distributed cash proceeds resulting from the capital transaction and third, any remaining profit, if any, is allocated 65% to the Investor Limited Partners, 15% to the Class A Limited Partner, 5% to the Class B Limited Partner, and 15% to the General Partner.

Partnership losses from capital transactions are allocated first, in proportion to the partners' respective capital accounts until their respective account balances are zero and, second, any remaining loss, if any, is allocated 65% to the Investor Limited Partners, 15% to the Class A Limited Partner, 5% to the Class B Limited Partner, and 15% to the General Partner.

New Accounting Pronouncements

In June 1997, the Financial Accounting Standards Board ("FASB") issued SFAS No. 130, "Reporting Comprehensive Income," which establishes standards for reporting and display of comprehensive income and its components in financial statements. SFAS No. 130 states that comprehensive income includes reported net income of a company, adjusted for items that are currently accounted for as direct entries to equity, such as the net unrealized gain or loss on securities available for sale. SFAS No. 130 is effective for both interim and annual periods beginning after December 15, 1997. Management does not anticipate that adoption of SFAS No. 130 will have a material effect on the financial statements.

AMRAC CLEAR VIEW, A LIMITED PARTNERSHIP

NOTES TO FINANCIAL STATEMENTS -- (CONTINUED)

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.

AMRAC CLEAR VIEW, A LIMITED PARTNERSHIP

NOTES TO FINANCIAL STATEMENTS -- (CONTINUED)

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.

/s/ 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.

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.

AMRAC CLEAR VIEW, A LIMITED PARTNERSHIP

NOTES TO FINANCIAL STATEMENTS -- (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 1995, 1996 AND 1997

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.

AMRAC CLEAR VIEW, A LIMITED PARTNERSHIP

NOTES TO FINANCIAL STATEMENTS -- (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 1995, 1996 AND 1997

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.

/s/ 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

THE COMBINED OPERATIONS OF PEGASUS CABLE TELEVISION OF CONNECTICUT, INC.
AND THE MASSACHUSETTS OPERATIONS OF PEGASUS CABLE TELEVISION, INC.

NOTES TO COMBINED FINANCIAL STATEMENTS -- (CONTINUED)

resulting gains or losses are included in the statement of operations. Initial subscriber installation costs, including material, labor and overhead costs of the hookup, are capitalized as part of the distribution facilities. The costs of disconnection and reconnection are charged to expense.

Depreciation is computed for financial reporting purposes using the straight-line method based upon the following lives:

Reception and distribution facilities	7 to 11 years
Building and improvements	12 to 39 years
Equipment, furniture and fixtures	5 to 10 years
Vehicles	3 to 5 years

Intangible Assets:

Intangible assets are stated at cost and amortized by the straight-line method. Costs of successful franchise applications are capitalized and amortized over the lives of the related franchise agreements, while unsuccessful franchise applications and abandoned franchises are charged to expense. Financing costs incurred in obtaining long-term financing are amortized over the term of the applicable loan. Intangible assets are reviewed periodically for impairment or whenever events or circumstances provide evidence that suggest that the carrying amounts may not be recoverable. The Company assesses the recoverability of its intangible assets by determining whether the amortization of the respective intangible asset balance can be recovered through projected undiscounted future cash flows.

Amortization of intangible assets is computed for financial reporting purposes using the straight-line method based upon the following lives:

Organization costs	5 years
Other intangibles	5 years
Deferred franchise costs	15 years

Revenue:

The Combined Operations recognize revenue when video and audio services are provided.

Advertising Costs:

Advertising costs are charged to operations as incurred and totaled $20,998, $12,768, $14,706 and $8,460 for the years ended December 31, 1995, 1996 and 1997 and for the six months ended June 30, 1998, respectively.

Cash and Cash Equivalents:

Cash and cash equivalents include highly liquid investments purchased with an initial maturity of three months or less. The Combined Operations have cash balances in excess of the federally insured limits at various banks.

Income Taxes:

The Combined Operations is not a separate tax paying entity. Accordingly, its results of operations have been included in the tax returns filed by PCC. The accompanying financial statements include tax computations assuming the Combined Operations filed separate returns and reflect the application of Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes" ("SFAS 109").

Concentration of Credit Risk:

Financial instruments which potentially subject the Combined Operations to concentrations of credit risk consist principally of trade receivables. Concentrations of credit risk with respect to trade receivables are limited due to the large number of customers comprising the Combined Operation's customer base.

3. PROPERTY AND EQUIPMENT:

Property and equipment consist of the following:

	DECEMBER 31, 1996	DECEMBER 31, 1997	JUNE 30, 1998
Land	$ 8,000	$ 8,000	$ 8,000
Reception and distribution facilities	8,233,341	9,009,179	9,123,402
Building and improvements	242,369	250,891	250,891
Equipment, furniture and fixtures	307,844	312,143	312,143
Vehicles	259,503	287,504	287,504
Other equipment	139,408	79,004	79,004
	9,190,465	9,946,721	10,060,944
Accumulated depreciation	(5,025,920)	(6,381,124)	(7,055,899)
Net property and equipment	$ 4,164,545	$ 3,565,597	$ 3,005,045

Depreciation expense amounted to $1,059,260, $1,267,831, $1,290,217 and $674,775 for the years ended December 31, 1995, 1996 and 1997 and for the six months ended June 30, 1998, respectively.

4. INTANGIBLES:

Intangible assets consist of the following:

	DECEMBER 31, 1996	DECEMBER 31, 1997	JUNE 30, 1998
Deferred franchise costs	$4,367,594	$ 4,486,016	$4,486,333
Deferred financing costs	1,042,079	1,156,075	1,159,027
Organization and other costs	439,188	389,187	389,187
	5,848,861	6,031,278	6,034,547
Accumulated amortization	(3,674,777)	(3,934,505)	(4,094,643)
Net intangible assets	$2,174,084	$ 2,096,773	$1,939,904

Amortization expense amounted to $599,195, $401,276, $274,851 and $160,138 for the years ended December 31, 1995, 1996 and 1997 and for the six months ended June 30, 1998, respectively.

THE COMBINED OPERATIONS OF PEGASUS CABLE TELEVISION OF CONNECTICUT, INC. AND THE MASSACHUSETTS OPERATIONS OF PEGASUS CABLE TELEVISION, INC.

NOTES TO COMBINED FINANCIAL STATEMENTS -- (CONTINUED)

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.

INDEPENDENT AUDITORS' REPORT

The Common Member and Manager
BRESNAN COMMUNICATIONS GROUP LLC:

We have audited the accompanying consolidated balance sheets of Bresnan Communications Group LLC and its subsidiaries as of December 31, 1998 and 1999, and the related consolidated statements of operations and members' equity (deficit) and cash flows for each of the years in the three-year period ended December 31, 1999. These consolidated financial statements are the responsibility of the Bresnan Communications Group LLC'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 Bresnan Communications Group LLC, as of December 31, 1998 and 1999, and the results of their operations and their cash flows for each of the years in the three-year period ended December 31, 1999, in conformity with generally accepted accounting principles.

/s/ KPMG LLP

Denver, Colorado
January 28, 2000, except as to Note 8,
which is as of February 14, 2000

BRESNAN COMMUNICATIONS GROUP LLC

CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 1998 AND 1999

	1998	1999
	(AMOUNTS IN THOUSANDS)	
ASSETS		
Cash and cash equivalents	$ 6,636	$ 5,995
Restricted cash (note 3)	47,199	290
Trade and other receivables, net	8,874	9,006
Property and equipment, at cost:		
Land and buildings	4,123	6,879
Distribution systems	443,114	534,812
Support equipment	50,178	62,283
	497,415	603,974
Less accumulated depreciation	190,752	228,868
	306,663	375,106
Franchise costs, net	291,103	328,068
Other assets, net of amortization	3,961	19,038
Total assets	$664,436	$737,503
LIABILITIES AND MEMBERS' EQUITY (DEFICIT)		
Accounts payable	$ 3,193	$ 18,900
Accrued expenses	13,395	35,613
Accrued interest	21,835	11,748
Debt	232,617	895,607
Other liabilities	11,648	10,020
Total Liabilities	282,688	971,888
Members' equity (deficit)	381,748	(234,385)
Commitments and contingencies		
Total liabilities and members' equity (deficit)	$664,436	$737,503

See accompanying notes to consolidated financial statements.

BRESNAN COMMUNICATIONS GROUP LLC

CONSOLIDATED STATEMENTS OF OPERATIONS AND MEMBERS' EQUITY (DEFICIT)
YEARS ENDED DECEMBER 31, 1997, 1998 AND 1999

	1997	1998	1999
	(AMOUNTS IN THOUSANDS)		
REVENUE	$247,108	$ 261,964	$ 283,574
Operating costs and expenses:			
Programming (note 6)	53,857	63,686	72,355
Operating	31,906	28,496	31,624
Selling, general and administrative (note 6)	50,572	56,634	67,351
Organizational and divestiture costs	--	1,934	5,281
Depreciation and amortization	53,249	54,308	59,752
	189,584	205,058	236,363
Operating income	57,524	56,906	47,211
OTHER INCOME (EXPENSE):			
Interest expense:			
Related party (note 4)	(1,892)	(1,872)	(152)
Other	(16,823)	(16,424)	(67,139)
Gain on sale of cable television systems	--	27,027	556
Other, net	(978)	(273)	(900)
	(19,693)	8,458	(67,635)
Net earnings (loss)	37,831	65,364	(20,424)
MEMBERS' EQUITY (DEFICIT):			
Beginning of year	347,188	359,098	381,748
Operating expense allocations and charges (notes 4 and 6)	60,389	71,648	--
Net assets of acquired system (note 3)	33,635	--	--
Capital contributions by members	--	--	136,500
Capital distributions to members	--	--	(732,209)
Cash transfers, net	(119,945)	(114,362)	--
End of year	$359,098	$ 381,748	$(234,385)

See accompanying notes to consolidated financial statements.

BRESNAN COMMUNICATIONS GROUP LLC

CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 1997, 1998 AND 1999

	1997	1998	1999
	(AMOUNTS IN THOUSANDS)		
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net earnings (loss)	$ 37,831	$ 65,364	$ (20,424)
Adjustments to reconcile net earnings to net cash provided by operating activities:			
Depreciation and amortization	53,249	54,308	59,752
Amortization of debt discount and deferred financing costs	1,629	534	18,683
Gain on sale of cable television systems	--	(27,027)	(556)
Other noncash charges	2,141	452	--
Changes in operating assets and liabilities, net of effects of acquisitions:			
Change in receivables	(3,413)	2,826	621
Change in other assets	164	--	429
Change in accounts payable, accrued expenses, accrued interest and other liabilities	2,305	6,141	25,457
Other, net	(1,358)	(237)	--
Net cash provided by operating Activities	92,548	102,361	83,962
CASH FLOWS FROM INVESTING ACTIVITIES:			
Capital expended for property and equipment and for franchise costs	(35,282)	(58,728)	(90,879)
Cash paid in acquisitions	--	(30,298)	(78,680)
Cash received in disposals	1,179	58,949	4,956
Change in restricted cash	--	(47,199)	46,999
Net cash used in investing activities	(34,103)	(77,276)	(117,604)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Borrowings under note agreement	31,300	49,400	597,530
Proceeds from Senior Notes	--	--	170,000
Proceeds from Senior Discount Notes	--	--	175,021
Repayments under note agreement	(24,364)	(30,953)	(294,672)
Deferred finance costs paid	(2,121)	(1,139)	(19,169)
Contributions by members	--	--	136,500
Distributions to members	(59,556)	(42,714)	(732,209)
Net cash provided by (used in) financing activities	(54,741)	(25,406)	33,001
Net increase (decrease) in cash	3,704	(321)	(641)
CASH AND CASH EQUIVALENTS:			
Beginning of year	3,253	6,957	6,636
End of year	$ 6,957	$ 6,636	$ 5,995
Supplemental disclosure of cash flow information -- Cash paid during the year for interest	$ 16,971	$ 16,792	$ 58,695

See accompanying notes to consolidated financial statements.

BRESNAN COMMUNICATIONS GROUP LLC
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 1997, 1998 AND 1999

(AMOUNTS 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"). Also, at this time, BTC borrowed approximately $508,000 of $650,000 available under a new credit facility (the "Senior Credit Facility"). (See Note 4, Debt.) 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 AT&T Broadband and Internet Services, formerly Tele-Communications, Inc. ("TCI"), contributed certain cable television systems along with assumed TCI debt of approximately $708,854 to BCCLP which was repaid with the proceeds of the Notes and the Senior Credit Facility. In addition, Blackstone BC Capital Partners L.P. ("Blackstone") 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 because of the common ownership and control of TCI and have been reflected in the accompanying financial statements in a manner similar to a pooling of interests.

The consolidated financial statements include the accounts of BCG and those of its wholly owned subsidiary, BTC, subsequent to the aforementioned formation transaction.

The Company owns and operates cable television systems in small- and medium-sized communities in the midwestern United States.

Prior to the transactions noted above, TCI and William J. Bresnan and certain entities which he controls (collectively, the "Bresnan Entities"), held 78.4% and 21.6% interests, respectively, in BCCLP. As of February 2, 1999, TCI, Blackstone and the Bresnan Entities held 50.00%, 39.79% and 10.21% interests, respectively. Subsequent to December 31, 1999, these interests were sold to Charter Communications Holding Company, LLC. (See Note 8, Sale of the Company.)

(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, 1998 and 1999 was not significant.

BRESNAN COMMUNICATIONS GROUP LLC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

(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 1997, 1998 and 1999, interest capitalized was $324,000, $47,000 and $1,027,000 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 represent 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 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, 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

The Company 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 a hedge; accordingly, amounts receivable or payable under the Interest Rate Swaps are recognized as adjustments to interest expense. These instruments are not used for trading purposes.

The Financial Accounting Standards Board recently 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, 2000. 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 BCG's net assets 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 LLC will be reported in the respective tax returns of BCG's members. (See Note 5, Income Taxes).

(H) REVENUE RECOGNITION

Cable revenue for customer fees, equipment rental, advertising, pay-per-view programming and revenue sharing agreements 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 and installation 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.

(I) STATEMENT OF CASH FLOWS

Except for acquisition transactions described in Note 3, transactions effected through Members' equity (deficit) have been considered constructive cash receipts and payments for purposes of the statement of cash flows.

(J) ADVERTISING COSTS

All advertising costs are expensed as incurred.

(K) RECLASSIFICATIONS

Certain of the prior year comparative figures have been reclassified to conform to the presentation adopted in the current year.

(L) 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 1998, the Company 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.

During 1998, the Company 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 was designated to be reinvested in certain identified assets for income tax purposes and accordingly recognized as restricted cash on the Company's Consolidated Balance Sheet at December 31, 1998 and 1999.

In 1999, BCG acquired three cable systems that were accounted for under the purchase method. The purchase prices were allocated to the assets acquired in relation to their fair values as increases to property and equipment of $24,098 and franchise costs of $54,582. In connection with two of the acquisitions, the aforementioned third party intermediary disbursed $46,999 of cash to complete the reinvestment in certain identified assets for income tax purposes.

Finally, in 1999, BCG disposed of cable systems for gross proceeds of $4,956, which resulted in a gain of $556.

The results of operations of these cable television systems have been included in the accompanying combined statements of operations from their dates of acquisition or their disposition, as applicable. Pro forma information on the acquisitions and dispositions has not been presented because the effects were not significant.

(4) DEBT

Debt is summarized as follows:

	DECEMBER 31, 1998	DECEMBER 31, 1999
	(AMOUNTS IN THOUSANDS)	
Senior Credit Facility(a)	$ --	$534,200
Senior Notes Payable(b)	--	170,000
Senior Discount Notes Payable(b)	--	190,132
Notes payable to banks(c)	209,000	--
Note payable to partner(d)	22,100	--
Other debt	1,517	1,275
	$232,617	$895,607

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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 has a current available commitment of $650,000 of which $534,200 is outstanding at December 31, 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. The rate applicable to balances outstanding at December 31, 1999 ranged from 7.57% to 9.00%. 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. 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.

(b) On February 2, 1999, the Company issued $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 $175,021 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 109.25% of the applicable principal amount and accreted value, respectively, with proceeds of an equity offering. 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 8 "Sale of the Company").

(c) The notes payable to banks represented 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 called for a current available commitment of $250,000 of which $209,000 was outstanding at December 31, 1998. The rates applicable to balances outstanding at December 31, 1998 ranged from 6.815% to 8.000%. The Bank Facility was repaid on February 2, 1999. (See Note 1, Basis of Presentation.)

(d) The note payable to a partner was comprised of a $25,000 subordinated note of which $22,100 was outstanding at December 31, 1998. The note, dated May 12, 1988, was junior and subordinate to the Bank Facility. Interest was provided for at the prime rate (as defined) and was payable quarterly, to the extent allowed under the bank subordination agreement, or at the maturity date of the note, which was 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. The interest rate at December 31, 1998 was 7.75%. This note was repaid on February 2, 1999. (See Note 1, Basis of Presentation.)

The Company entered into interest rate swap agreements to effectively fix or set maximum interest rates on a portion of its floating rate long-term debt. The Company is exposed to credit loss in the event of nonperformance by the counterparties to the interest rate swap agreements.

At December 31, 1999, such interest rate swap agreements effectively fixed or set a maximum LIBOR base interest rates between 8.0% and 8.02% on an aggregate notional principal amount of $50,000, which rates would become effective upon the occurrence of certain events. The effect of the interest rate swap on interest expense for the twelve months ended December 31, 1999 was not significant. The expiration dates of the interest rate swaps ranges from April 1, 2000 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, 1998 and 1999 is not significant.

(5) INCOME TAXES

Taxable earnings differ from those reported in the accompanying consolidated 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, 1999, the financial statement carrying amount of the Company's assets exceeded its tax basis by approximately $431 million.

(6) 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 $48,588, $58,562 and $62,502 for the years ended December 31, 1997, 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 partners of BCCLP 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 a partner of BCCLP provide administrative services and have assumed managerial responsibilities of BCG. As compensation for these services BCG pays a quarterly fee equal to approximately 3% of gross revenues. Such aggregate charges totaled $11,801, $13,086 and $10,498 and have been included in selling, general and administrative expenses for years ended December 31, 1997, 1998 and 1999, respectively.

(7) COMMITMENTS AND CONTINGENCIES

The Cable Television Consumer Protection and Competition Act of 1992 (the "1992 Cable Act") imposed certain rate regulations on the cable television industry. Under the 1992 Cable Act, all cable systems are subject to rate regulation, unless they face "effective competition," as defined by the 1992 Cable Act and expanded in the Telecommunications Act of 1996 (the "1996 Act"), in their local franchise area.

Although the Federal Communications Commission (the "FCC") has established regulations required by the 1992 Cable Act, local government units (commonly referred to as local franchising authorities) are primarily responsible for administering the regulation of a cable system's basic service tier ("BST"). The FCC itself directly administered rate regulation of any cable programming service tier ("CPST"). The FCC's authority to regulate CPST rates expired on March 31, 1999. The FCC has taken the position that it will still adjudicate CPST complaints filed after this sunset date (but no later than 180 days after the last CPST rate increase imposed prior to March 31, 1999), and will strictly limit its review (and possible refund orders) to the time period predating the sunset date.

Under the FCC's rate regulations, most cable systems were required to reduce their BST and CPST rates in 1993 and 1994, and have since had their rate increases governed by a complicated price structure that allows for the recovery of inflation and certain associated costs, as well as providing some incentive for expanding channel carriage. Operators also have the opportunity to bypass this "benchmark" regulatory structure in favor of the traditional "cost-of-service" regulation in cases where the latter methodology appears favorable. Premium cable service offered on a per-channel or per-program basis remain unregulated, as do affirmatively marketed packages consisting entirely of new programming product.

The management of BCG believes that it has complied in all material respects with the provisions of the 1992 Cable Act and the 1996 Act, including its rate setting provisions. If, as a result of the review process, a system cannot substantiate its rates, it could be required to retroactively reduce its rates to the appropriate benchmark and refund the excess portion of rates received. Any refunds of the excess portion of CPST rates would be retroactive to the date of complaint. Any refunds of the excess portion of BST or equipment rates would be retroactive to one year prior to the implementation of the rate reductions.

Certain plaintiffs have filed or threatened separate class action complaints against certain of the systems of BCG, alleging that the systems' practice of assessing an administrative fee to the subscribers whose payments are delinquent constitutes an invalid liquidated damage provision and a breach of contract, and violates local consumer protection statutes. Plaintiffs seek recovery of all late fees paid to the subject systems as a class purporting to consist of all subscribers who were assessed such fees during the applicable limitation period, plus attorney fees and costs.

BCG has additional 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 these matters and 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.

On January 12, 2000, the Company also purchased two cable systems from one operator. The system in Wisconsin was a stock purchase and the system in Minnesota was an asset purchase. The total purchase price of these transactions was approximately $36,232, funded by cash flow from operations and additional borrowings.

The Company also entered into a letter of intent with a cable operator pursuant to which the Company acquires a small cable television system in Minnesota. The transaction would result in a net cost of approximately $13,000 and will be funded by cash flow from operations and additional borrowings.

BCG leases business offices, has entered into pole attachment agreements and uses certain equipment under lease arrangements. Rental expense under such arrangements amounted to $3,221, $2,833 and $3,547 during the years ended December 31, 1997, 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 similar properties.

(8) 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 instruments of Charter and its subsidiaries (including the Company) which will be reduced by the assumption of BCCLP's debt at closing. In conjunction with the sale of the partnership interests, Charter assumed the Company's outstanding indebtedness under the Senior Credit Facility (See Note 4, Debt.) The accompanying financial statements do not reflect the effect of the adjustments, if any, resulting from the sale of the partnership's interests.

INDEPENDENT AUDITORS' REPORT

The Common Member and Manager
Bresnan Communications Group LLC:

We have audited the accompanying consolidated balance sheets of Bresnan Communications Group LLC and its subsidiaries as of December 31, 1999 and February 14, 2000, and the related consolidated statements of operations and members' equity (deficit) and cash flows for the year ended December 31, 1999 and for the period ended February 14, 2000. These consolidated financial statements are the responsibility of the Bresnan Communications Group LLC'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 Bresnan Communications Group LLC, as of December 31, 1999 and February 14, 2000, and the results of their operations and their cash flows for the year ended December 31, 1999 and the period ended February 14, 2000, in conformity with generally accepted accounting principles.

/s/ KPMG LLP

Denver, Colorado
April 20, 2000

BRESNAN COMMUNICATIONS GROUP LLC

CONSOLIDATED BALANCE SHEETS

	DECEMBER 31, 1999	FEBRUARY 14, 2000
	(AMOUNTS IN THOUSANDS)	
ASSETS		
Cash and cash equivalents	$ 5,995	$ --
Restricted cash (note 3)	290	301
Trade and other receivables, net	9,006	9,062
Property and equipment, at cost:		
Land and buildings	6,879	7,271
Distribution systems	534,812	546,939
Support equipment	62,283	60,747
	603,974	614,957
Less accumulated depreciation	228,868	233,810
	375,106	381,147
Franchise costs, net	328,068	354,887
Other assets, net of amortization	19,038	18,746
Total assets	$ 737,503	$ 764,143
LIABILITIES AND MEMBERS' EQUITY (DEFICIT)		
Bank overdraft	$ --	$ 1,542
Accounts payable	18,900	20,776
Accrued expenses	35,613	8,240
Accrued interest	11,748	1,459
Debt (note 4)	895,607	963,292
Other liabilities	10,020	10,604
Total Liabilities	971,888	1,005,913
Members' deficit	(234,385)	(241,770)
Commitments and contingencies		
Total liabilities and members' deficit	$ 737,503	$ 764,143

See accompanying notes to consolidated financial statements.

BRESNAN COMMUNICATIONS GROUP LLC

CONSOLIDATED STATEMENTS OF OPERATIONS AND MEMBERS' EQUITY (DEFICIT)

	YEAR ENDED DECEMBER 31, 1999	PERIOD FROM JANUARY 1, 2000 TO FEBRUARY 14, 2000
	(AMOUNTS IN THOUSANDS)	
REVENUE	$ 283,574	$ 37,102
Operating costs and expenses:		
Programming (note 6)	72,355	10,178
Operating	31,624	4,857
Selling, general and administrative (note 6)	67,351	10,414
Organizational and divestiture costs	5,281	865
Depreciation and amortization	59,752	8,095
	236,363	34,409
Operating income	47,211	2,693
OTHER INCOME (EXPENSE):		
Interest expense:		
Related party (note 4)	(152)	--
Other	(67,139)	(9,522)
Gain (loss) on sale of cable television systems	556	--
Other, net	(900)	(106)
	(67,635)	(9,628)
Net earnings (loss)	(20,424)	(6,935)
MEMBERS' EQUITY (DEFICIT):		
Beginning of period	381,748	(234,385)
Capital contributions by members	136,500	--
Capital distributions to members	(732,209)	(450)
End of period	$(234,385)	$(241,770)

See accompanying notes to consolidated financial statements.

BRESNAN COMMUNICATIONS GROUP LLC

CONSOLIDATED STATEMENTS OF CASH FLOWS

	YEAR ENDED DECEMBER 31, 1999	PERIOD FROM JANUARY 1, 2000 TO FEBRUARY 14, 2000
	(AMOUNTS IN THOUSANDS)	
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	$ (20,424)	$ (6,935)
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Depreciation and amortization	59,752	8,095
Amortization of debt discount and deferred financing costs	18,683	2,345
Gain on sale of cable television systems	(556)	--
Other, net	--	689
Changes in operating assets and liabilities, net of effects of acquisitions:		
Change in receivables	621	(56)
Change in other assets	429	37
Change in accounts payable, accrued expenses, accrued interest and other liabilities	25,457	(34,227)
Net cash provided by (used in) operating activities	83,962	(30,052)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Capital expended for property and equipment and for franchise costs	(90,879)	(6,642)
Cash paid in acquisitions	(78,680)	(36,177)
Cash received in disposals	4,956	200
Change in restricted cash	46,999	(11)
Net cash used in investing activities	(117,604)	(42,630)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Change in bank overdraft	--	(1,542)
Borrowings under note agreement	597,530	67,000
Proceeds from Senior Notes	170,000	--
Proceeds from Senior Discount Notes	175,021	--
Repayments under note agreement	(294,672)	(1,405)
Deferred finance costs paid	(19,169)	--
Contributions by members	136,500	--
Distributions to members	(732,209)	(450)
Net cash provided by financing activities	33,001	66,687
Net decrease in cash	(641)	(5,995)
CASH AND CASH EQUIVALENTS:		
Beginning of period	6,636	5,995
End of period	$ 5,995	$ --
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION --		
Cash paid during the period for interest	$ 58,695	$ 17,603

See accompanying notes to consolidated financial statements.

BRESNAN COMMUNICATIONS GROUP LLC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND FEBRUARY 14, 2000
(AMOUNTS 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 company 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"). Also, at this time, BTC borrowed approximately $508,000 of $650,000 available under a new credit facility (the "Senior Credit Facility"). (See Note 4, Debt.) 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 AT&T Broadband and Internet Services, formerly Tele-Communications, Inc. ("TCI"), contributed certain cable television systems along with assumed TCI debt of approximately $708,854 to BCCLP which was repaid with the proceeds of the Notes and the Senior Credit Facility. In addition, Blackstone BC Capital Partners L.P. ("Blackstone") 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 because of the common ownership and control of TCI and have been reflected in the accompanying financial statements in a manner similar to a pooling of interests.

The consolidated financial statements include the accounts of BCG and those of its wholly owned subsidiary, BTC, subsequent to the aforementioned formation transaction.

The Company owns and operates cable television systems in small- and medium-sized communities in the midwestern United States.

Prior to the transactions noted above, TCI and William J. Bresnan and certain entities which he controls (collectively, the "Bresnan Entities"), held 78.4% and 21.6% interests, respectively, in BCCLP. As of February 2, 1999, TCI, Blackstone and the Bresnan Entities held 50.00%, 39.79% and 10.21% interests, respectively. On February 14, 2000, these interests were sold to Charter Communications Holding Company, LLC. (See Note 8, Sale of the Company.)

(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, 1999 and February 14, 2000 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 the year ended December 31, 1999 and the period ended February 14, 2000, interest capitalized was $1,027 and $137, 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 represent 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 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, 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

The Company 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 a hedge; accordingly, amounts receivable or payable under the Interest Rate Swaps are recognized as adjustments to interest expense. These instruments are not used for trading purposes.

The Financial Accounting Standards Board recently 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, 2000. 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 BCG's net assets 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 LLC will be reported in the respective tax returns of BCG's members. (See Note 5, Income Taxes).

(h) Revenue Recognition

Cable revenue for customer fees, equipment rental, advertising, pay-per-view programming and revenue sharing agreements 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 and installation 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.

(i) Statement of Cash Flows

Except for acquisition transactions described in Note 3, transactions effected through Members' equity (deficit) have been considered constructive cash receipts and payments for purposes of the statement of cash flows.

(j) Advertising Costs

All advertising costs are expensed as incurred.

(k) 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.

(l) Recent Accounting Pronouncements

In December 1999 the SEC released Staff Accounting Bulletin ("SAB") No. 101, "Revenue Recognition in Financial Statements," which provides guidance on the recognition, presentation and disclosure of revenue in financial statements filed with the SEC. Subsequently, the SEC released SAB 101A, which delayed the implementation date of SAB 101 for registrants with fiscal years beginning between December 16, 1999 and March 15, 2000. The Company has not yet assessed the impact, if any, that SAB 101 might have on its financial position or results of operations.

(3) ACQUISITIONS AND SYSTEM DISPOSITIONS

In 1999, BCG acquired three cable systems that were accounted for under the purchase method. The purchase prices were allocated to the assets acquired in relation to their fair values as increases to property and equipment of $24,098 and franchise costs of $54,582. In connection with two of the acquisitions, the aforementioned third party intermediary disbursed $46,999 of cash to complete the reinvestment in certain identified assets for income tax purposes.

Also, in 1999, BCG disposed of cable systems for gross proceeds of $4,956, which resulted in a gain of $556.

In 2000, BCG purchased two cable systems for a total of $36,177. The purchase prices were allocated to the assets acquired in relation to their fair values as increase to property and equipment of $8,581 and franchise costs of $27,596.

The results of operations of these cable television systems have been included in the accompanying combined statements of operations from their dates of acquisition or their disposition, as applicable. Pro forma information on the acquisitions and dispositions has not been presented because the effects were not significant.

(4) DEBT

Debt is summarized for December 31, 1999 and February 14, 2000 as follows:

	1999	2000
	(AMOUNTS IN THOUSANDS)	
Senior Credit Facility(a)	$534,200	$599,900
Senior Notes Payable(b)	170,000	170,000
Senior Discount Notes Payable(b)	190,132	192,222
Other debt	1,275	1,170
	$895,607	$963,292

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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 has a current available commitment of $650,000 of which $599,900 is outstanding at February 14, 2000. 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. The rate applicable to balances outstanding at February 14, 2000 ranged from 7.28% to 8.50%. 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. 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.

(b) On February 2, 1999, the Company issued $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 $175,021 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 109.25% of the applicable principal amount and accreted value, respectively, with proceeds of an equity offering. 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 8 "Sale of the Company"). Subsequent to the period end, the Senior Notes and Senior Discount Notes were repaid by the Company at a price equal to 101% of the principal amount or accreted value plus accrued and unpaid interest.

The Company entered into interest rate swap agreements to effectively fix or set maximum interest rates on a portion of its floating rate long-term debt. The Company is exposed to credit loss in the event of nonperformance by the counterparties to the interest rate swap agreements.

BRESNAN COMMUNICATIONS GROUP LLC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND FEBRUARY 14, 2000
(AMOUNTS IN THOUSANDS) -- (CONTINUED)

At February 14, 2000, such interest rate swap agreements effectively fixed or set a maximum LIBOR base interest rates between 8.0% and 8.02% on an aggregate notional principal amount of $50,000, which rates would become effective upon the occurrence of certain events. The effect of the interest rate swap on interest expense for the period ended February 14, 2000 was not significant. The expiration dates of the interest rate swaps ranges from April 1, 2000 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, 1999 and February 14, 2000 is not significant.

(5) INCOME TAXES

Taxable earnings differ from those reported in the accompanying consolidated 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 February 14, 2000, the financial statement carrying amount of the Company's assets exceeded its tax basis by approximately $396 million.

(6) 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 $62,502 and $8,535 for the year ended December 31, 1999 and the period ended February 14, 2000, respectively, and are included in programming expenses in the accompanying consolidated financial statements.

Prior to February 2, 1999, certain affiliates of the partners of BCCLP 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 a partner of BCCLP provide administrative services and have assumed managerial responsibilities of BCG. As compensation for these services BCG pays a quarterly fee equal to approximately 3% of gross revenues. Such aggregate charges totaled $10,498 and $1,389 and have been included in selling, general and administrative expenses for year ended December 31, 1999 and the period ended February 14, 2000, respectively.

(7) COMMITMENTS AND CONTINGENCIES

The Cable Television Consumer Protection and Competition Act of 1992 (the "1992 Cable Act") imposed certain rate regulations on the cable television industry. Under the 1992 Cable Act, all cable systems are subject to rate regulation, unless they face "effective competition," as defined by the 1992 Cable Act and expanded in the Telecommunications Act of 1996 (the "1996 Act"), in their local franchise area.

Although the Federal Communications Commission (the "FCC") has established regulations required by the 1992 Cable Act, local government units (commonly referred to as local franchising authorities) are primarily responsible for administering the regulation of a cable system's basic service tier ("BST"). The FCC itself directly administered rate regulation of any cable programming service tier ("CPST"). The FCC's authority to regulate CPST rates expired on March 31, 1999. The FCC has taken the position that it will still adjudicate CPST complaints filed after this sunset date (but no later than 180 days after the last CPST rate increase imposed prior to March 31, 1999), and will strictly limit its review (and possible refund orders) to the time period predating the sunset date.

Under the FCC's rate regulations, most cable systems were required to reduce their BST and CPST rates in 1993 and 1994, and have since had their rate increases governed by a complicated price structure that allows for the recovery of inflation and certain associated costs, as well as providing some incentive for expanding channel carriage. Operators also have the opportunity to bypass this "benchmark" regulatory structure in favor of the traditional "cost-of-service" regulation in cases where the latter methodology appears favorable. Premium cable service offered on a per-channel or per-program basis remain unregulated, as do affirmatively marketed packages consisting entirely of new programming product.

The management of BCG believes that it has complied in all material respects with the provisions of the 1992 Cable Act and the 1996 Act, including its rate setting provisions. If, as a result of the review process, a system cannot substantiate its rates, it could be required to retroactively reduce its rates to the appropriate benchmark and refund the excess portion of rates received. Any refunds of the excess portion of CPST rates would be retroactive to the date of complaint. Any refunds of the excess portion of BST or equipment rates would be retroactive to one year prior to the implementation of the rate reductions.

Certain plaintiffs have filed or threatened separate class action complaints against certain of the systems of BCG, alleging that the systems' practice of assessing an administrative fee to the subscribers whose payments are delinquent constitutes an invalid liquidated damage provision and a breach of contract, and violates local consumer protection statutes. Plaintiffs seek recovery of all late fees paid to the subject systems as a class purporting to consist of all subscribers who were assessed such fees during the applicable limitation period, plus attorney fees and costs.

BCG has additional 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 these matters and 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.

The Company entered into a letter of intent with a cable operator pursuant to which the Company acquires a small cable television system in Minnesota. The transaction would result in a net cost of approximately $13,000 and will be funded by cash flow from operations and additional borrowings.

BCG leases business offices, has entered into pole attachment agreements and uses certain equipment under lease arrangements. Rental expense under such arrangements amounted to $3,547 and $405 during the year ended December 31, 1999 and the period ended February 14, 2000, respectively.

Future minimum lease payments under noncancelable operating leases are estimated to approximate $2,240 per year for each of the next five years.

It is expected that, in the normal course of business, expiring leases will be renewed or replaced by leases on the same or similar properties.

BRESNAN COMMUNICATIONS GROUP LLC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND FEBRUARY 14, 2000
(AMOUNTS IN THOUSANDS) -- (CONTINUED)

(8) 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 instruments of Charter and its subsidiaries (including the Company) which will be reduced by the assumption of BCCLP's debt at closing. In conjunction with the sale of the partnership interests, Charter assumed the Company's outstanding indebtedness under the Senior Credit Facility (See Note 4, Debt.) The accompanying financial statements do not reflect the effect of the adjustments, if any, resulting from the sale of the partnership's interests on February 14, 2000.

CHARTER COMMUNICATIONS, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
(DOLLARS IN THOUSANDS, EXCEPT PER SHARE DATA)

	JUNE 30, 2000	DECEMBER 31, 1999*
	(UNAUDITED)	
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 74,021	$ 133,706
Accounts receivable, less allowance for doubtful accounts of $12,675 and $11,471, respectively	122,869	93,743
Prepaid expenses and other	38,838	35,142
Total current assets	235,728	262,591
INVESTMENT IN CABLE PROPERTIES:		
Property, plant and equipment, net of accumulated depreciation of $681,866 and $317,079, respectively	4,233,878	3,490,573
Franchises, net of accumulated amortization of $1,262,944 and $650,478, respectively	17,338,243	14,985,793
	21,572,121	18,476,366
OTHER ASSETS	217,308	227,550
	$22,025,157	$18,966,507
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable and accrued expenses	$1,017,330	$ 706,775
Payables to related party	2,751	13,183
Total current liabilities	1,020,081	719,958
LONG-TERM DEBT	11,605,328	8,936,455
DEFERRED MANAGEMENT FEES -- RELATED PARTY	13,751	21,623
OTHER LONG-TERM LIABILITIES	147,370	145,124
MINORITY INTEREST	4,689,263	5,381,331
REDEEMABLE SECURITIES	1,846,176	750,937
SHAREHOLDERS' EQUITY:		
Class A common stock; $.001 par value; 1.75 billion and 1.5 billion shares authorized, respectively; 222,039,746 and 221,740,584 shares issued and outstanding, respectively	195	195
Class B common stock; $.001 par value; 750 million shares authorized; 50,000 shares issued and outstanding	--	--
Preferred stock; $.001 par value; 250 million shares authorized; no shares issued and outstanding	--	--
Additional paid-in capital	3,145,798	3,075,694
Accumulated deficit	(443,766)	(66,231)
Accumulated other comprehensive income	961	1,421
Total shareholders' equity	2,703,188	3,011,079
	$22,025,157	$18,966,507

The accompanying notes are an integral part of these consolidated statements.

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* Agrees with audited consolidated balance sheet included in the Company's Annual Report on Form 10-K for the year ended December 31, 1999.

CHARTER COMMUNICATIONS, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS
(UNAUDITED)

(DOLLARS IN THOUSANDS, EXCEPT PER SHARE DATA)

	THREE MONTHS ENDED JUNE 30, 2000	THREE MONTHS ENDED JUNE 30, 1999
REVENUES	$ 794,780	$308,037
OPERATING EXPENSES:		
Operating, general and administrative	406,544	158,250
Depreciation	296,912	55,193
Amortization	306,775	104,681
Option compensation expense	10,589	21,543
Corporate expense charges -- related party	15,007	8,145
	1,035,827	347,812
Loss from operations	(241,047)	(39,775)
OTHER INCOME (EXPENSE):		
Interest expense	(251,128)	(112,243)
Interest income	675	8,421
Other, net	(2,636)	2,667
	(253,089)	(101,155)
Loss before minority interest	(494,136)	(140,930)
MINORITY INTEREST IN LOSS OF SUBSIDIARY	297,315	140,873
Net loss	$ (196,821)	$ (57)
LOSS PER COMMON SHARE, basic and diluted	$ (0.89)	$ (1.13)
WEIGHTED-AVERAGE COMMON SHARES OUTSTANDING, basic and diluted	222,089,746	50,000

The accompanying notes are an integral part of these consolidated statements.

CHARTER COMMUNICATIONS, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS
(UNAUDITED)

(DOLLARS IN THOUSANDS, EXCEPT PER SHARE DATA)

	SIX MONTHS ENDED JUNE 30, 2000	SIX MONTHS ENDED JUNE 30, 1999
REVENUES	$ 1,516,384	$468,993
OPERATING EXPENSES:		
Operating, general and administrative	778,313	241,341
Depreciation	549,788	78,728
Amortization	599,999	171,224
Option compensation expense	26,089	38,194
Corporate expense charges -- related party	27,515	11,073
	1,981,704	540,560
Loss from operations	(465,320)	(71,567)
OTHER INCOME (EXPENSE):		
Interest expense	(482,042)	(157,669)
Interest income	6,110	10,085
Other, net	(2,504)	(4,954)
	(478,436)	(152,538)
Loss before minority interest	(943,756)	(224,105)
MINORITY INTEREST IN LOSS OF SUBSIDIARY	566,221	224,015
Net loss	$ (377,535)	$ (90)
LOSS PER COMMON SHARE, basic and diluted	$ (1.70)	$ (1.80)
WEIGHTED-AVERAGE COMMON SHARES OUTSTANDING, basic and diluted	222,003,415	50,000

The accompanying notes are an integral part of these consolidated statements.

CHARTER COMMUNICATIONS, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)

(DOLLARS IN THOUSANDS)

	SIX MONTHS ENDED JUNE 30, 2000	SIX MONTHS ENDED JUNE 30, 1999
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	$ (377,535)	$ (90)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Minority interest in loss of subsidiary	(566,221)	(224,015)
Depreciation and amortization	1,149,787	249,952
Option compensation expense	26,089	38,194
Non-cash interest expense	86,164	49,960
Gain on disposal of property, plant and equipment	--	(1,806)
Changes in assets and liabilities, net of effects from acquisitions:		
Accounts receivable	(44,156)	1,180
Prepaid expenses and other	23,092	(282)
Accounts payable and accrued expenses	328,626	19,384
Payables to related party, including deferred management fees	(18,304)	14,592
Other operating activities	(710)	(1,245)
Net cash provided by operating activities	606,832	145,824
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property, plant and equipment	(1,049,991)	(205,450)
Payments for acquisitions, net of cash acquired	(1,158,334)	(1,135,074)
Loan to Marcus Cable Holdings, LLC	--	(1,680,142)
Other investing activities	(1,145)	(8,684)
Net cash used in investing activities	(2,209,470)	(3,029,350)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Borrowings of long-term debt, including proceeds from Charter Holdings Notes	4,026,303	5,129,188
Repayments of long-term debt	(2,434,820)	(2,008,330)
Payments for debt issuance costs	(47,848)	(107,562)
Distributions to Charter Investment	--	(9,717)
Payment to related party	--	(20,000)
Other financing activities	(682)	--
Net cash provided by financing activities	1,542,953	2,983,579
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(59,685)	100,053
CASH AND CASH EQUIVALENTS, beginning of period	133,706	9,573
CASH AND CASH EQUIVALENTS, end of period	$ 74,021	$ 109,626
CASH PAID FOR INTEREST	$ 247,485	$ 91,672
NON-CASH TRANSACTIONS:		
Transfer of net assets of Marcus Cable Holdings, LLC to the Company	$ --	$ 1,252,370
Issuances of equity as partial payment for acquisition	$ 1,014,110	$ --

The accompanying notes are an integral part of these consolidated statements.

CHARTER COMMUNICATIONS, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(UNAUDITED)

1. ORGANIZATION AND BASIS OF PRESENTATION

Charter Communications, Inc.

On July 22, 1999, Charter Investment, Inc. (Charter Investment), a company controlled by Paul G. Allen, formed a wholly owned subsidiary, Charter Communications, Inc. (Charter), a Delaware corporation, with a nominal initial investment.

On November 12, 1999, Charter sold 195.5 million shares of Class A common stock in an initial public offering and 50,000 shares of high vote Class B common stock to Mr. Allen. Charter used the net proceeds to purchase a 100% voting interest and, at that time, an approximate 40.6% economic interest in Charter Communications Holding Company, LLC (Charter Holdco). Charter Holdco is an indirect owner of cable systems.

Prior to November 12, 1999, Charter Holdco was owned 100% by Charter Investment and Vulcan Cable III Inc., both entities controlled by Mr. Allen. Since November 12, 1999, Mr. Allen has controlled Charter through his ownership of all of the high vote Class B common stock, and Charter has controlled Charter Holdco through its ownership of all the voting interests and its role as the sole manager of Charter Holdco. Charter's purchase on November 12, 1999 of 50,000 membership units of Charter Holdco, representing an economic interest of less than 1%, was accounted for as a reorganization of entities under common control similar to a pooling of interests. For financial reporting purposes, these membership units are considered held by Charter effective December 23, 1998, the date Mr. Allen was first deemed to control Charter Holdco. Accordingly, Charter Holdco's results of operations for the three months and six months ended June 30, 1999, are included in the accompanying consolidated statements of operations.

Charter is a holding company whose sole asset at June 30, 2000 is a 39.6% controlling equity interest in Charter Holdco. Charter, Charter Holdco and its subsidiaries are collectively referred to as the "Company" herein. All material intercompany transactions and balances have been eliminated in consolidation.

The Company owns and operates cable systems serving approximately 6.2 million customers. The Company currently offers customers a full array of traditional cable television services and advanced high bandwidth services such as digital video and related enhancements, interactive video programming, Internet access through television-based service, dial-up telephone modems and high-speed cable modem service.

Loss Per Common Share

For purposes of the loss per common share calculation for the three months and six months ended June 30, 1999, Mr. Allen's 50,000 shares of high vote Class B common stock are considered to be outstanding for the entire period. Basic loss per common share is computed by dividing the net loss by 50,000 shares for the three months and six months ended June 30, 1999, and by 222,089,746 and 222,003,415 shares for the three months and six months ended June 30, 2000, respectively, which represent the weighted average common shares outstanding during those periods. Diluted loss per common share equals basic loss per common share for the periods presented, as the effect of stock options is anti-dilutive because the Company generated net losses. All membership units of Charter Holdco are exchangeable on a one-for-one basis into common stock of Charter at the option of the holders. Should the holders exchange their units for shares, the effect would be anti-dilutive on the loss per common share calculation.

2. RESPONSIBILITY FOR INTERIM FINANCIAL STATEMENTS

The accompanying consolidated 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.

The accompanying consolidated financial statements are unaudited; however, in the opinion of management, such statements include all adjustments, which consist of only normal recurring adjustments, necessary for a fair presentation of the results for the periods presented. Interim results are not necessarily indicative of results for a full year. For further information, see the Company's Annual Report on Form 10-K for the year ended December 31, 1999.

3. ACQUISITIONS

On February 14, 2000, Charter Holdco and Charter Communications Holdings, LLC (Charter Holdings), a wholly owned subsidiary of Charter Holdco, completed the acquisition of Bresnan Communications Company Limited Partnership (Bresnan). The Bresnan cable systems acquired are primarily located in Michigan, Minnesota, Wisconsin and Nebraska and serve approximately 691,900 customers at June 30, 2000.

The purchase price for Bresnan was $3.1 billion, subject to adjustment, and was comprised of $1.1 billion in cash, $384.6 million of equity (14.8 million Class C common membership units) in Charter Holdco and $629.5 million of equity (24.2 million Class A preferred membership units) in CC VIII, LLC (CC VIII), a subsidiary of Charter Holdings, and $963.3 million in assumed debt. All of the membership units received by the sellers are exchangeable on a one-for-one basis for Class A common stock of Charter. The holders of the Class A preferred membership units are entitled to a 2% annual return. The Bresnan sellers who acquired Class C common membership units of Charter Holdco and Class A preferred membership units in CC VIII may have rescission rights against Charter Holdco and Charter arising out of possible violations of Section 5 of the Securities Act of 1933, as amended, in connection with the offers and sales of these equity interests (see Note 6).

The Bresnan 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 date of acquisition. The purchase price was allocated to assets acquired and liabilities assumed based on their relative fair values, including amounts assigned to franchises of $2.8 billion. The allocation of the purchase price for the Bresnan acquisition is based, in part, on preliminary information, which is subject to adjustment upon obtaining complete valuation information. Management believes that finalization of the purchase price and allocation will not have a material impact on the consolidated results of operations or financial position of the Company.

In April 2000, one of Charter's subsidiaries purchased a cable system from Falcon/Capital Cable Partners, L.P. (Capital Cable) and another cable system from Farmington Cablevision Company (Farmington). These cable systems are primarily located in Illinois, Indiana and Missouri and serve approximately 29,500 customers at June 30, 2000. The aggregate purchase price for these acquisitions was $75.0 million in cash and was funded with borrowings from the Charter Operating Credit Facilities (see Note 4).

Pro forma operating results of the Company as though the Bresnan, Capital Cable and Farmington acquisitions and the issuance and sale of the January 2000 Charter Holdings Notes (see Note 4) had occurred on January 1, 1999, with adjustments to give effect to amortization of franchises, interest expense, minority interest, and certain other adjustments, follows.

	THREE MONTHS ENDED JUNE 30,		SIX MONTHS ENDED JUNE 30,	
	2000	1999	2000	1999
	(IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)			
Revenues......................	$ 794,780	$ 724,047	$1,553,874	$1,438,405
Loss from operations..........	(241,047)	(114,875)	(482,181)	(238,535)
Loss before minority interest....................	(494,136)	(343,360)	(984,958)	(712,314)
Net loss......................	(196,821)	(137,217)	(392,535)	(284,569)
Loss per common share, basic and diluted.................	(0.89)	(0.62)	(1.77)	(1.28)

The 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.

In March 2000, Charter entered into an agreement providing for the merger of Cablevision of Michigan, Inc., the indirect owner of a cable system in Kalamazoo, Michigan, with and into Charter. The merger consideration of $172.5 million will be paid in Class A common stock of Charter. After the merger, Charter will contribute 100% of the equity interests of the direct owner of the Kalamazoo system to Charter Holdco in exchange for membership units. The Kalamazoo cable system has approximately 49,300 customers at June 30, 2000 and had revenues of approximately $10.2 million for the six months ended June 30, 2000. This acquisition is expected to close in the third quarter of 2000.

4. LONG-TERM DEBT

JANUARY 2000 CHARTER HOLDINGS NOTES. On January 12, 2000, Charter Holdings and Charter Communications Holdings Capital Corporation issued notes with a principal amount of $1.5 billion (January 2000 Charter Holdings Notes). The January 2000 Charter Holdings Notes consist of $675.0 million 10.00% Senior Notes due 2009, $325.0 million 10.25% Senior Notes due 2010, and $532.0 million 11.75% Senior Discount Notes due 2010. The net proceeds were approximately $1.3 billion, after giving effect to discounts, commissions and expenses. The proceeds from the January 2000 Charter Holdings Notes were used to finance the repurchases of debt assumed in certain transactions, as described below.

In June 2000, Charter Holdings and Charter Communications Holdings Capital Corporation exchanged these notes for new January 2000 Charter Holdings Notes, with substantially similar terms, except that the new January 2000 Charter Holdings Notes are registered under the Securities Act of 1933, as amended, and, therefore, do not bear legends restricting their transfer.

CC V HOLDINGS, LLC AND ITS SUBSIDIARIES (COLLECTIVELY, "AVALON") NOTES. In January 2000, through change of control offers and purchases in the open market, all of the Avalon 9.375% Senior Subordinated Notes due 2008 with a principal amount of $150.0 million were repurchased for $153.7 million. In addition, also through change of control offers, $16.3 million in aggregate principal amount at maturity of the Avalon 11.875% Senior Discount Notes due 2008 was repurchased for $10.5 million. As of June 30, 2000, Avalon 11.875% notes with an aggregate principal amount of $179.8 million at maturity and an accreted value of $121.2 million remain outstanding.

CC VII HOLDINGS, LLC AND ITS SUBSIDIARIES (COLLECTIVELY, "FALCON") DEBENTURES. In February 2000, through change of control offers and purchases in the open market, all of the Falcon 8.375% Senior Debentures due 2010 with a principal amount of $375.0 million were repurchased for $388.0 million, and all of the Falcon 9.285% Senior Discount Debentures due 2010 with an aggregate principal amount at maturity of $435.3 million were repurchased for $328.1 million.

CC VIII, LLC AND ITS SUBSIDIARIES (COLLECTIVELY, "BRESNAN") CREDIT FACILITIES. Upon the closing of the Bresnan acquisition on February 14, 2000, the then-existing Bresnan credit facilities were amended and assumed. The Bresnan credit facilities provide for borrowings of up to $900.0 million, consisting of: two term facilities, one with a principal amount of $403.0 million (Term A) and the other with a principal amount of $297.0 million (Term B), and a reducing revolving loan facility in the amount of $200.0 million. The Bresnan credit facilities provide for the amortization of the principal amount of the Term A loan 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 B loan 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 facility of up to $200.0 million that is conditioned upon receipt of additional commitments from lenders. Amounts under the Bresnan credit facilities bear interest at the Base Rate or the Eurodollar Rate, as defined, plus a margin of up to 2.75%. A quarterly commitment fee of between 0.250% and 0.375% is payable on the unborrowed balance of Term A and the revolving loan facility. At the closing of the Bresnan acquisition, $599.9 million was borrowed to replace the borrowings outstanding under the previous credit facilities, and an additional $31.3 million was borrowed to fund a portion of the Bresnan purchase price. As of June 30, 2000, $638.9 million was outstanding, and $261.1 million was available for borrowing.

BRESNAN NOTES. Upon the closing of the Bresnan acquisition, Charter Holdco and Charter assumed Bresnan's $170.0 million in principal amount of 8% Senior Notes due 2009 and $275.0 million in principal amount at maturity of 9.25% Senior Discount Notes due 2009. In March 2000, all of the outstanding Bresnan notes were repurchased at 101% of the outstanding principal amounts plus accrued and unpaid interest or accreted value, as applicable, for a total of $369.7 million using proceeds from the sale of the January 2000 Charter Holdings Notes.

CHARTER COMMUNICATIONS OPERATING, LLC CREDIT FACILITIES. In March 2000, the Charter Operating Credit Facilities were amended to increase the amount of the supplemental credit facility to $1.0 billion. In connection with this amendment, $600.0 million of the supplemental credit facility was exercised, thereby increasing the total borrowing capacity to $4.7 billion. The remaining $400.0 million of the supplemental credit facility is subject to the Company's ability to obtain additional commitments from the lenders. As of June 30, 2000, outstanding borrowings were $4.2 billion, and the unused availability was $0.5 billion.

CHARTER HOLDINGS SENIOR BRIDGE LOAN FACILITY. On August 4, 2000, Morgan Stanley Senior Funding, Inc. (Sole Arranger) and others, and Charter Holdings and Charter Communications Holdings Capital Corporation entered into a senior bridge loan agreement providing for senior increasing rate bridge loans in an aggregate principal amount of up to $1.0 billion.

On August 14, 2000, the Company borrowed $1.0 billion under the senior bridge loan facility and used the majority of the proceeds to repay a portion of the amounts outstanding under certain of its credit facilities. The bridge loan initially bears interest at an annual rate equal to the yield corresponding to the bid price on Charter Holdings 10.25% notes less 0.25% (10.21% as of August 14, 2000). If this loan is not repaid within 90 days following August 14, 2000, the interest rate will increase by 1.25% at the end of such 90-day period and will increase by an additional 0.50% at the end of each additional 90-day period. Unless additional default interest is assessed, the interest rate on the bridge loan will not exceed 15% annually. If the bridge loan has not been repaid in full by August 14, 2001, then it will be converted to a term loan. The term loan will bear interest at a fixed rate equal to the greater of the applicable rate of the bridge loan on the date of the conversion plus 0.50% and the yield corresponding to the bid price on Charter Holdings 10.25% notes as of the date immediately prior to the conversion. If the term loan is not repaid within 90 days after the conversion of the bridge loan, the interest rate will increase by 0.50% at the end of each 90-day period. The interest rate on the term loan will not exceed 15% annually. The term loan will mature on the tenth anniversary of the initial senior bridge loan borrowing.

5. MINORITY INTEREST

As of June 30, 2000, minority interest consists primarily of total members' equity of Charter Holdco ($8.6 billion) multiplied by 60.4%, the ownership percentage of Charter Holdco not owned by Charter, plus preferred equity in an indirect subsidiary of Charter held by certain Bresnan sellers, less a portion of redeemable securities (see Note 6). Gains (losses) arising from the issuance by Charter Holdco of its membership units are recorded as capital transactions, thereby increasing (decreasing) shareholders' equity and (decreasing) increasing minority interest on the accompanying consolidated balance sheets.

Changes to minority interest consist of the following (in thousands):

Balance, December 31, 1999	$ 5,381,331
Minority interest in loss of subsidiary	(566,221)
Equity issued to Bresnan sellers	1,014,110
Equity classified as redeemable securities (26,539,746 shares of Class A common stock)	(1,095,239)
Loss on issuance of equity by Charter Holdco	(59,700)
Option compensation expense	15,684
Unrealized loss on marketable securities available for sale	(702)
Balance, June 30, 2000	$ 4,689,263

6. REDEEMABLE SECURITIES

The Company acquired Helicon I, L.P. and affiliates (Helicon) in July 1999. The Company acquired Rifkin Acquisition Partners L.L.L.P. and InterLink Communications Partners, LLLP (collectively, "Rifkin") in September 1999, acquired Falcon Communications, L.P. (Falcon) in November 1999 and acquired Bresnan in February 2000. In connection with these acquisitions, the Rifkin, Falcon and Bresnan sellers who acquired Charter Holdco membership units or, in the case of Bresnan, additional equity interests in a subsidiary of Charter Holdings, and the Helicon sellers who acquired shares of Class A common stock in Charter's initial public offering may have rescission rights against Charter and Charter Holdco arising out of possible violations of Section 5 of the Securities Act of 1933, as amended, in connection with the offers and sales of these equity interests.

If all of these equity holders successfully exercised their possible rescission rights, Charter or Charter Holdco would become obligated to repurchase all such equity interests, and the total repurchase obligation could be as much as approximately $1.8 billion as of June 30, 2000. For financial reporting purposes, the maximum potential obligation has been excluded from shareholders' equity and minority interest and has been classified as redeemable securities (temporary equity). After one year from the dates of issuance or purchase of these equity securities (when these possible rescission rights will have expired), the Company will reclassify the respective amounts to shareholders' equity and minority interest. There is no assurance that the Company will be able to obtain capital sufficient to fund any required repurchases. This could adversely affect the Company's consolidated financial condition and results of operations.

7. REVENUES

Revenues consist of the following (in thousands):

	THREE MONTHS ENDED JUNE 30,		SIX MONTHS ENDED JUNE 30,	
	2000	1999	2000	1999
Basic	$569,197	$218,600	$1,093,744	$328,190
Premium	58,194	27,432	113,967	42,776
Pay-per-view	8,796	5,711	16,027	10,361
Digital	15,066	7,752	24,262	7,942
Advertising sales	41,794	15,483	75,072	23,322
Data	13,626	1,457	23,338	2,175
Other	88,107	31,602	169,974	54,227
	$794,780	$308,037	$1,516,384	$468,993

8. OPERATING, GENERAL AND ADMINISTRATIVE EXPENSES

Operating, general and administrative expenses consist of the following (in thousands):

	THREE MONTHS ENDED JUNE 30,		SIX MONTHS ENDED JUNE 30,	
	2000	1999	2000	1999
Programming	$181,635	$ 71,521	$346,460	$107,947
General and administrative	134,217	53,800	259,509	81,056
Service	46,594	19,298	93,685	29,616
Advertising	14,271	1,694	26,548	5,353
Marketing	17,644	9,525	29,337	13,123
Other	12,183	2,412	22,774	4,246
	$406,544	$158,250	$778,313	$241,341

9. COMPREHENSIVE LOSS (IN THOUSANDS)

Comprehensive loss was $196,536 and $57 for the three months ended June 30, 2000 and 1999, respectively; and $377,995 and $90 for the six months ended June 30, 2000 and 1999, respectively. The Company owns common stock of WorldGate Communications, Inc. and of Motorola, Inc. that is classified as "available for sale" and reported at market value, with unrealized gains and losses recorded as accumulated other comprehensive income in the accompanying consolidated balance sheet.

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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5,661,117 Shares

CHARTER
COMMUNICATIONS, INC.
Class A Common Stock

[CHARTER COMMUNICATIONS LOGO]

PART II

INFORMATION NOT REQUIRED IN THE PROSPECTUS

ITEM 13. OTHER EXPENSES OF ISSUANCE AND DISTRIBUTION

Registration fee	$ 21,671
Accounting fees and expenses	697,500
Legal fees and expenses	350,000
Printing and engraving expenses	1,500,000
Transfer agent and registrar fees	25,000
Miscellaneous expenses	227,500
Total	$2,821,671

ITEM 14. INDEMNIFICATION OF DIRECTORS AND OFFICERS

INDEMNIFICATION UNDER THE CERTIFICATE OF INCORPORATION AND BYLAWS OF CHARTER COMMUNICATIONS, INC.

Charter Communications, Inc.'s certificate of incorporation provides that a director of Charter Communications, Inc. shall not be personally liable to Charter Communications, Inc. or its shareholders 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 Charter Communications, Inc. or its shareholders; (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. Charter Communications, Inc.'s bylaws require Charter Communications, Inc., to the fullest extent authorized by the Delaware General Corporation Law, to indemnify any person who was or is made a party or is threatened to be made a party or is otherwise involved in any action, suit or proceeding by reason of the fact that he is or was a director or officer of Charter Communications, Inc. or is or was serving at the request of Charter Communications, Inc. as a director, officer, employee or agent of another corporation, partnership, joint venture, trust, employee benefit plan or other entity or enterprise, in each case, against all expense, liability and loss (including attorneys' fees, judgments, amounts paid in settlement, fines, ERISA excise taxes or penalties) reasonably incurred or suffered by such person in connection therewith.

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 does not permit indemnification in any threatened, pending or completed action or suit by or in the right of the corporation in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable to the corporation, unless and 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. Indemnity is mandatory to the extent a claim, issue or matter has been successfully defended. The Delaware General Corporation Law also allows a corporation to provide for the elimination or limit of the personal liability of a director to the corporation or its shareholders for monetary damages for breach of fiduciary duty as a director, provided that such provision shall not eliminate or limit the liability of a director

(i) for any breach of the director's duty of loyalty to the corporation or its shareholders,

(ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law,

(iii) for unlawful payments of dividends or unlawful stock purchases or redemptions, or

(iv) for any transaction from which the director derived an improper personal benefit. These provisions will not limit the liability of directors or officers under the federal securities laws of the United States.

ITEM 15. RECENT SALES OF UNREGISTERED SECURITIES; USES OF PROCEEDS FROM REGISTERED SECURITIES.

On December 23, 1998, Mr. Allen purchased 52,046 shares of Class A common stock of Charter Investment, Inc. for approximately $1.3 billion. This acquisition was undertaken as a private placement.

Effective December 23, 1998, Mr. Kent received a grant of options to purchase 7,044,127 Charter Communications Holding Company membership units. The options have a term of ten years and vested twenty-five percent (25%) on the date of grant. The remaining seventy-five percent (75%) will vest on the first day of each of the 36 months commencing on the first day of the thirteenth month following the date of grant. Membership units received upon exercise of these options are automatically exchanged for shares of Class A common stock of Charter Communications, Inc. on a one-for-one basis. None of these options have been exercised.

The Charter Communications Option Plan was adopted in February 1999. This plan provides for the grant of options to purchase up to 25,009,798 membership units in Charter Communications Holding Company. Under the terms of the plan, each membership unit acquired as a result of exercise of options will be exchanged automatically for shares of Class A common stock of Charter Communications, Inc. on a one-for-one basis. The plan provides for grants of options to current and prospective to employees and consultants of Charter Communications Holding Company and its affiliates and current and prospective non-employee directors of Charter Communications, Inc. The options expire after ten years from the date of grant. Under the plan, the plan administrator has the discretion to accelerate the vesting of any options. To date, none of the options have been exercised.

The following table shows options outstanding under The Charter Communications Option Plan:

DATE OF GRANT	OUTSTANDING OPTIONS	EXERCISE PRICE	VESTED AS OF AUGUST 31, 2000
February 9, 1999	8,162,696	$20.00	2,647,599(1)
April 5, 1999	366,062	20.73	99,850(2)
November 8, 1999	4,203,000	19.00	240,000(3)
February 15, 2000	5,182,000	19.47	--(4)
May 1, 2000	1,415,600	15.03	--(5)
July 26, 2000	1,469,800	14.31	--(6)
Total outstanding options	20,799,158		2,987,449

(1) On the 3rd day of each month, 1/45 of the remaining options vest.

(2) One-fourth of the options granted on April 5, 1999 will vest on July 5, 2000, the 15-month anniversary of April 5, 1999, with the remainder vesting 1/45 on each monthly anniversary for 45 months following July 5, 2000.

(3) One-fourth of the options granted on November 8, 1999 will vest on February 8, 2001, the 15-month anniversary of November 8, 1999, with the remainder vesting 1/45 on each monthly anniversary for 45 months following February 8, 2001.

(4) One-fourth of the options granted on February 15, 2000 will vest on May 15, 2001, the 15-month anniversary of February 15, 2000, with the remainder vesting 1/45 on each monthly anniversary for 45 months following May 15, 2001.

(5) One-fourth of the options granted on May 1, 2000 vest on August 1, 2001, the 15-month anniversary of May 1, 2000, with the remainder vesting 1/45 on each monthly anniversary for 45 months following August 1, 2001.

(6) One-fourth of the options granted on July 26, 2000 vest on October 26, 2001, the 15-month anniversary of July 26, 2000, with the remainder vesting 1/45 on each monthly anniversary for 45 months following October 26, 2001.

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. 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 offer and sale of these membership units was not and the sale of these membership units will not be registered under the Securities Act of 1933. Charter Communications Holding Company offered these securities in reliance on the exemption provided by Section 4(2) of the Securities Act of 1933 for transactions by an issuer not involving a public offering. The membership units were issued to a single purchaser that could distribute them upon a distribution of all its assets. Each Falcon seller represented and warranted that it was an informed and sophisticated purchaser and was acquiring the securities for investment and not with a view to public distribution. On November 12, 1999, certain partners of Falcon Holding Group, L.P. who received common membership units in Charter Communications Holding Company in connection with the Falcon acquisition, contributed these units to Charter Communications, Inc., along with their rights to receive additional units in connection with the underwriters' exercise of the over-allotment option in our initial public offering and the closing of the Bresnan acquisition. As a result of this contribution, certain partners of Falcon Holding Group, L.P. or their transferees were issued 18,955,939 shares of Class A common stock on November 12, 1999, 287,752 shares on December 9, 1999 and 349,162 shares on February 14, 2000. 122,668 of these shares issued to such persons are covered by this registration statement.

At its inception in July 1999, Charter Communications, Inc. issued 100 shares of its Class A common stock to Charter Investment, Inc. The offer and sale of these shares was not registered under the Securities Act of 1933, because the offer and sale was made in reliance on the exemption provided under Section 4(2) of the Securities Act of 1933 for transactions by an issuer not involving a public offering.

In June 1999, Charter Communications Holding Company, our affiliate, entered into an agreement to purchase Bresnan Communications Company Limited Partnership. Under the Bresnan purchase agreement, in exchange for a portion of the equity of this entity, Charter Communications

Holding Company issued approximately 14.8 million Class C common membership units to certain of the Bresnan sellers. Charter Communications Holding Company then contributed its interest in Bresnan to Charter Communications Holdings, LLC. Thereafter, Charter Communications Holdings contributed all of the then outstanding interests in Bresnan Communications Company to CC VIII, LLC. In exchange for the contribution of their interests, TCID of Michigan, Inc. and TCI Bresnan LLC received approximately 24.7 million Class A preferred membership units in CC VIII. Both the Charter Communications Holding Company membership units and the CC VIII preferred membership units are exchangeable at any times for Class A common stock on a one-for-one basis. The offer and sale of these membership units was not registered under the Securities Act of 1933. Charter Communications Holding Company and CC VIII offered these securities in reliance on the exemption provided by Section 4(2) of the Securities Act of 1933 for transactions by an issuer not involving a public offering. Each of the Bresnan sellers represented and warranted that it was an accredited investor within the meaning of the federal securities laws and was acquiring the securities for investment and not with a view to public distribution thereof, and acknowledged that the membership units represented restricted securities under the federal securities laws.

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 were exchangeable at the consummation of our initial public offering for shares of our Class A common stock. As a condition of receiving the preferred membership units, each of the Rifkin sellers was required to provide representations and warranties designed to establish that the offers and sales were valid private placements under Section 4(2) of the Securities Act of 1933. Among other representations and warranties, each Rifkin seller receiving equity was required to represent and warrant that it was an accredited investor under the federal securities laws and was acquiring the preferred membership units for investment purposes and not for sale or with a view to distribution, and to acknowledge that the preferred membership units represented restricted securities under the federal securities laws that could be resold without registration under the Securities Act of 1933. Any of these Rifkin sellers that was not an accredited investor was also required to deliver a letter from his or her purchaser representative. On November 12, 1999, former sellers in the Rifkin acquisition who received preferred membership units in Charter Communications Holding Company in connection with the acquisition, contributed to Charter Communications, Inc. an aggregate of 130,305,916 of these preferred membership units. For this contribution, Charter Communications, Inc. issued to such persons 6,946,893 shares of Class A common stock all of which shares are covered by this registration statement.

On November 12, 1999, we sold 195,500,000 shares of Class A common stock to the public. These securities were registered pursuant to a registration statement filed on Form S-1 that was declared effective by the Securities and Exchange Commission on November 8, 1999. The principal underwriters for this offering were Goldman, Sachs & Co., Bear, Stearns & Co., 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. The aggregate gross proceeds of the offering were $3.7 billion and the aggregate underwriting commissions and discounts were $148.5 million. All of the proceeds from the public offering were used to purchase membership units in Charter Communications Holding Company, which used a portion of the funds received from us, along with funds received from Vulcan Cable III Inc., to pay a portion of the purchase prices of our Fanch, Falcon, Avalon and Bresnan acquisitions.

Concurrent with the initial public offering, Paul G. Allen purchased a total of 50,000 shares of Class B common stock for an aggregate purchase price of $900,000. The offering and sale of the shares of common stock was not registered under the Securities Act of 1933 because the offering and sales were made in reliance on the exemption provided by Section 4(2) of the Securities Act of 1933 and Rule 506 thereunder for transactions by an issuer not involving a public offering.

On September 7, 2000, the seller in the Kalamazoo transaction received 11,173,376 shares of Class A common stock of Charter Communications, Inc. valued at approximately $170.6 million. These shares are subject to unlimited "piggyback" registration rights and up to two "demand" registration rights. The demand registration rights must be exercised with respect to tranches of Class A common stock worth at least $25.0 million at the time of the notice of demand. The above securities were offered and sold by the Registrant in reliance upon the exemption from registration pursuant to Section 4(2) of the Securities Act.

On September 14, 2000, Chat TV received as merger consideration 472,646 shares of Class A common stock of Charter Communications, Inc. valued at approximately $15.0 million. These shares are not subject to registration rights. The above securities were offered and sold by the Registrant in reliance upon the exemption from registration pursuant to Section 4(2) of the Securities Act.

ITEM 17. UNDERTAKINGS.

The undersigned, Charter Communications, Inc., hereby undertakes:

(1) To file, during any period in which offers or sales are being made, a post-effective amendment to this registration statement:

(i) To include any prospectus required by section 10(a)(3) of the Securities Act of 1933, as amended.

(ii) To reflect in the prospectus any facts or events arising after the effective date of the registration statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the registration statement. Notwithstanding the foregoing, any increase or decrease in volume of securities offered (if the total dollar value of securities offered would not exceed that which was registered) and any deviation from the low or high end of the estimated maximum offering range may be reflected in the form of prospectus filed with the Commission pursuant to Rule 424(b) of the Securities Act, if, in the aggregate, the changes in volume and price represent not more than a 20% change in the maximum aggregate offering price set forth in the "Calculation of Registration Fee" table in the effective registration statement.

(iii) To include any material information with respect to the plan of distribution not previously disclosed in the registration statement or any material change to such information in the registration statement.

(2) For purposes of determining any liability under the Securities Act, each such post-effective amendment 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.

(3) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of this offering.

ITEM 21. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES.

EXHIBITS

2.1	Merger Agreement, dated March 31, 1999, by and between Charter Communications Holdings, LLC and Marcus Cable Holdings, LLC(2)
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.)(3)
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(3)
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.)(3)
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(3)
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(24)
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.(3)
2.6(a)	Asset and Stock Purchase Agreement, dated April 20, 1999, between InterMedia Partners of West Tennessee, L.P. and Charter Communications, LLC(2)
2.6(b)	Stock Purchase Agreement, dated April 20, 1999, between TCID 1P-V, Inc. and Charter Communications, LLC(2)
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(2)
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.(2)
2.6(d)(i)	Amendment to Asset Exchange Agreement, made as of October 1, 1999, by and among InterMedia Partners Southeast and Charter Communications, LLC, Charter Communications Properties, LLC and Marcus Cable Associates, L.L.C.(7)
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.(2)
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(5)+
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.)(2)

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.)(3)
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.)(3)
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(3)
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(3)
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(3)
2.7(g)	Amendment to the Purchase Agreement with InterLink Communications Partners, LLLP, dated June 29, 1999(6)
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(7)
2.7(i)	Form of First Amendment to the Contribution Agreement dated as of September 14, 1999, by and among Charter Communications Operating, LLC, Charter Communications Holding Company, LLC, Charter Communications, Inc. and Paul G. Allen(8)
2.8	Contribution and Sale Agreement dated as of December 30, 1999, by and among Charter Communications Holding Company, LLC, CC VII Holdings, LLC and Charter Communications VII, LLC(9)
2.9	Contribution and Sale Agreement dated as of December 30, 1999, by and among Charter Communications Holding Company, LLC and Charter Communications Holdings, LLC(9)
2.10(a)	Securities Purchase Agreement, dated May 13, 1999, by and between Avalon Cable Holdings LLC, Avalon Investors, L.L.C., Avalon Cable of Michigan Holdings, Inc. and Avalon Cable LLC and Charter Communications Holdings, LLC and Charter Communications, Inc. (now called Charter Investment, Inc.)(10)
2.10(b)	Assignment and Contribution Agreement, entered into as of October 11, 1999, by and between Charter Communications Holding Company, LLC and Charter Communications, Inc.(7)
2.10(c)	Assignment Agreement effective as of June 16, 1999, by and among Charter Communications, Inc., Charter Communications Holdings, LLC, Charter Communications Holding Company, LLC, Avalon Cable Holdings LLC, Avalon Investors, L.L.C., Avalon Cable of Michigan Holdings, Inc. and Avalon Cable LLC(7)
2.11(a)	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.)(11)

2.11(b)	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.(12)
2.11(c)	Form of Second Amendment to Purchase And Contribution Agreement, dated as of October 27, 1999, by and among Charter Investment, Inc., Charter Communications Holding Company, LLC, Falcon Communications, L.P., Falcon Holding Group, L.P., TCI Falcon Holdings, LLC, Falcon Holding Group, Inc. and DHN Inc.(8)
2.11(d)	Third Amendment to Purchase and Contribution Agreement dated as of November 12, 1999, by and among Charter Communications, Inc., Falcon Communications L.P., Falcon Holdings Group, L.P., TCI Falcon Holdings, LLC, Falcon Cable Trust, Falcon Holding Group, Inc. and DHN Inc.(13)
2.12(a)	Purchase Agreement, dated as of May 21, 1999, among Blackstone TWF Capital Partners, L.P., Blackstone TWF Capital Partners A L.P., Blackstone TWF Capital Partners B L.P., Blackstone TWF Family Investment Partnership, L.P., RCF Carry, LLC, Fanch Management Partners, Inc., PBW Carried Interest, Inc., RCF Indiana Management Corp, The Robert C. Fanch Revocable Trust, A. Dean Windry, Thomas Binning, Jack Pottle, SDG/Michigan Communications Joint Venture, Fanch-JV2 Master Limited Partnership, Cooney Cable Associates of Ohio, Limited Partnership, North Texas Cablevision, LTD., Post Cablevision of Texas, Limited Partnership, Spring Green Communications, L.P., Fanch-Narragansett CSI Limited Partnership, and Fanch Cablevision of Kansas General Partnership and Charter Communications, Inc. (now called Charter Investment, Inc.)(11)
2.12(b)	Assignment of Purchase Agreement by and between Charter Investment, Inc. and Charter Communications Holding Company, LLC, effective as of September 21, 1999(7)
2.13	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.)(11)
3.1	Form of Restated Certificate of Incorporation of Registrant(7)
3.1(a)	Certificate of Amendment of Certificate of Incorporation of Registrant
3.2	Form of By-Laws of Registrant(7)
3.2(a)	Amendment to Bylaws of Registrant(22)
4.1	Form of certificate evidencing shares of Class A common stock of Registrant(11)
5.1	Opinion of Paul, Hastings, Janofsky & Walker LLP regarding legality
10.1	Credit Agreement, dated as of March 18, 1999, between Charter Communications Operating, LLC, and certain lenders and agents named therein(2)
10.1(a)	First Amendment to Credit Agreement dated as of June 28, 1999, between Charter Communications Operating, LLC, Charter Communications Holdings, LLC and certain lenders and agents named therein(1)
10.1(b)	Second Amendment to Credit Agreement dated as of December 14, 1999, between Charter Communications Operating, LLC, Charter Communications Holdings, LLC and certain lenders and agents named therein(1)

10.1(c)	Third Amendment to Credit Agreement dated as of March 18, 2000, between Charter Communications Operating, LLC, Charter Communications Holdings, LLC and certain lenders and agents named therein(22)
10.2(a)(1)	Form of Second Amended Management Agreement, dated as of November 9, 1999, by and among Charter Investment, Inc., Charter Communications, Inc. and Charter Communications Operating, LLC(7)
10.2(b)	Form of Mutual Services Agreement, dated as of November 9, 1999, by and between Charter Communications, Inc. and Charter Investment, Inc.(11)
10.2(b)(i)	Amendment No. 1 to Mutual Services Agreement, dated as of June 30, 2000, by and between Charter Communications, Inc. and Charter Investment, Inc.(26)
10.2(c)	Form of Management Agreement, dated as of November 9, 1999, by and between Charter Communications Holding Company, LLC and Charter Communications, Inc.(7)
10.2(d)	Management Agreement, dated as of November 12, 1999, by and between CC VI Operating Company, LLC and Charter Communications, Inc.(20)
10.2(e)	Management Agreement, dated as of November 12, 1999, by and between Falcon Cable Communications, LLC and Charter Communications, Inc.(20)
10.2(f)	Management Agreement dated as of February 14, 2000, by and between CC VIII Operating, LLC, certain subsidiaries of CC VIII Operating, LLC and Charter Communications, Inc.(22)
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(3)
10.4	Charter Communications Holdings, LLC 1999 Option Plan(3)
10.4(a)	Assumption Agreement regarding option plan, dated as of May 25, 1999, by and between Charter Communications Holdings, LLC and Charter Communications Holding Company, LLC(6)
10.4(b)	Form of Amendment No. 1 to the Charter Communications Holdings, LLC 1999 Option Plan(4)
10.4(c)	Amendment No. 2 to the Charter Communications Holdings, LLC 1999 Option Plan(22)
10.5	Membership Interests Purchase Agreement, dated July 22, 1999, by and between Charter Communications Holding Company, LLC and Paul G. Allen(6)
10.6	Employment Agreement, dated as of August 28, 1998, between Jerald L. Kent and Paul G. Allen(14)
10.7	Assignment of Employment Agreements, dated as of December 23, 1998, between Paul G. Allen and Charter Communications, Inc. (now called Charter Investment, Inc.)(6)
10.8(a)	Option Agreement, dated as of February 9, 1999, between Jerald L. Kent and Charter Communications Holdings, LLC(6)
10.8(b)	Amendment to the Option Agreement, dated as of August 23, 1999, between Jerald L. Kent and Charter Communications Holding Company, LLC(6)
10.8(c)	Form of Amendment to the Option Agreement, dated as of November 8, 1999, by and among Jerald L. Kent, Charter Communications Holding Company, LLC and Charter Communications, Inc.(4)

10.9	Letter Agreement, dated as of July 22, 1999, between Charter Communications Holding Company, LLC and Charter Communications Holdings, LLC(14)
10.10	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(6)
10.11	Form of Assignment and Assumption Agreement, dated as of November 4, 1999, by and between Charter Investment, Inc. and Charter Communications, Inc.(11)
10.12	Form of Registration Rights Agreement, dated as of November 12, 1999, by and among Charter Communications, Inc., Charter Investment, Inc., Vulcan Cable III Inc., Mr. Paul G. Allen, Mr. Jerald L. Kent, Mr. Howard L. Wood and Mr. Barry L. Babcock(7)
10.13	Form of Consulting Agreement, dated as of October 18, 1999, by and between Barry L. Babcock and Charter Communications, Inc.(4)
10.14	Form of Termination of Employment Agreement, dated as of October 18, 1999, by and between Barry L. Babcock and Charter Investment, Inc., Charter Communications, Inc. and Charter Communications Holding Company, LLC(4)
10.15	Form of Consulting Agreement, dated as of November 1, 1999, by and between Howard L. Wood and Charter Communications, Inc.(4)
10.16	Form of Termination of Employment Agreement, dated as of November 1, 1999, by and between Howard L. Wood and Charter Investment, Inc., Charter Communications, Inc. and Charter Communications Holding Company, LLC(4)
10.17	Letter Agreement, dated September 21, 1999, by and among Charter Communications, Inc., Charter Investment, Inc., Charter Communications Holding Company, Inc. and Vulcan Ventures Inc.(7)
10.18	Loan Agreement dated as of February 2, 1999, among Bresnan Telecommunications Company LLC (now called CC VIII Operating LLC), as borrower and several financial institutions named therein(17)
10.18(a)	Amended and Restated Credit Agreement dated as of February 14, 2000, by and among CC VIII Operating, LLC, as borrower, CC VIII Holdings, LLC, as guarantor, and several financial institutions or entities named therein(22)
10.19	Credit Agreement, dated as of November 15, 1999, among Avalon Cable LLC, CC Michigan, LLC, CC New England, LLC, and several financial institutions or entities named therein(18)
10.19(a)	First Amendment to Credit Agreement, dated December 21, 1999, by and among CC Michigan, LLC and CC New England, LLC as borrowers, CC V Holdings, LLC as guarantor and several banks and other financial institutions or entities named therein(1)
10.20	Form of Credit Agreement, dated as of June 30, 1998, as Amended and Restated as of November 12, 1999, among Falcon Cable Communications, LLC, certain guarantors and several financial institutions or entities named therein(7)
10.21	Credit Agreement, dated as of November 12, 1999, among CC VI Holdings, LLC, CC VI Operating Company, LLC and several financial institutions or entities named therein.(18)
10.22	Amended and Restated Limited Liability Company Agreement for Charter Communications Holding Company, LLC, dated February 14, 2000(21)
10.22(a)	First Amendment to the Amended and Restated Limited Liability Company Agreement for Charter Communications Holding Company, LLC, dated September 13, 2000

10.23	Letter Agreement, dated May 25, 1999, between Charter Communications, Inc. and Marc Nathanson(1)
10.24	Exchange Agreement, dated as of February 14, 2000, by and among Charter Communications, Inc., BCI (USA), LLC, William J. Bresnan, Blackstone BC Capital Partners L.P., Blackstone BC Offshore Capital Partners L.P., Blackstone Family Media, III L.P. (as assignee of Blackstone Family Investment III L.P.), TCID of Michigan, Inc., and TCI Bresnan LLC(21)
10.25	Form of Exchange Agreement, dated as of November 12, 1999, by and among Charter Investment, Inc., Charter Communications, Inc., Vulcan Cable III Inc. and Paul G. Allen(7)
10.27(a)	Indenture relating to the 10.00% Senior notes due 2009, dated as of January 12, 2000, between Charter Communications Holdings, LLC, Charter Communications Holdings Capital Corporation and Harris Trust and Savings Bank(1)
10.27(b)	Form of 10.00% Senior Note due 2010 (included in Exhibit No. 4.1(a))(1)
10.27(c)	Exchange and Registration Rights Agreement, dated January 12, 2000, by and among Charter Communications Holdings, LLC, Charter Communications Holdings Capital Corporation, Goldman, Sachs & Co., Chase Securities Inc., FleetBoston Robertson Stephens Inc., Merrill Lynch, Pierce, Fenner & Smith Incorporated, Morgan Stanley & Co. Incorporated, TD Securities (USA) Inc., First Union Securities, Inc., PNC Capital Markets, Inc. and SunTrust Equitable Securities Corporation, relating to the 10.00% Senior Notes due 2009(1)
10.28(a)	Indenture relating to the 10.25% Senior Notes due 2010, dated as of January 12, 2000, among Charter Communications Holdings, LLC, Charter Communications Holdings Capital Corporation and Harris Trust and Savings Bank(1)
10.28(b)	Form of 10.25% Senior Note due 2010 (included in Exhibit No. 4.2(a))(1)
10.28(c)	Exchange and Registration Rights Agreement, dated January 12, 2000, by and among Charter Communications Holdings, LLC, Charter Communications Holdings Capital Corporation, Goldman, Sachs & Co., Chase Securities Inc., FleetBoston Robertson Stephens Inc., Merrill Lynch, Pierce, Fenner & Smith Incorporated, Morgan Stanley & Co. Incorporated, TD Securities (USA) Inc., First Union Securities, Inc., PNC Capital Markets, Inc. and SunTrust Equitable Securities Corporation, relating to the 10.25% Senior Notes due 2010(1)
10.29(a)	Indenture relating to the 11.75% Senior Discount Notes due 2010, dated as of January 12, 2000, among Charter Communications Holdings, LLC, Charter Communications Holdings Capital Corporation and Harris Trust and Savings Bank(1)
10.29(b)	Form of 11.75% Senior Discount Note due 2010 (included in Exhibit No. 4.3(a))(1)
10.29(c)	Exchange and Registration Rights Agreement, dated January 12, 2000, by and among Charter Communications Holdings, LLC, Charter Communications Holdings Capital Corporation, Goldman, Sachs & Co., Chase Securities Inc., FleetBoston Robertson Stephens Inc., Merrill Lynch, Pierce, Fenner & Smith Incorporated, Morgan Stanley & Co. Incorporated, TD Securities (USA) Inc., First Union Securities, Inc., PNC Capital Markets, Inc. and SunTrust Equitable Securities Corporation, relating to the 11.75% Senior Discount Notes due 2010(1)
10.30(a)	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(2)

10.30(b)	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(2)
10.30(c)	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(2)
10.31	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(15)
10.32	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(16)
10.33(a)	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(19)
10.33(b)	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(10)
10.34	Senior Bridge Loan Agreement, dated as of August 4, 2000, by and among Charter Communications Holdings, LLC and Charter Communications Holdings Capital Corporation as borrowers and the initial lenders named therein and Morgan Stanley Senior Funding, Inc. as sole arranger, syndication agent and administrative agent(25)
21.1	Subsidiaries of Charter Communications Holdings, LLC and Charter Communications Holdings Capital Corporation
23.1	Consent of Paul, Hastings, Janofsky & Walker LLP (contained in Exhibit No. 5.1)
23.2	Consent of Arthur Andersen LLP
23.3	Consent of KPMG LLP
23.4	Consent of Ernst & Young LLP
23.5	Consent of Ernst & Young LLP
23.6	Consent of KPMG LLP
23.7	Consent of PricewaterhouseCoopers LLP
23.8	Consent of PricewaterhouseCoopers LLP
23.9	Consent of Ernst & Young LLP
23.10	Consent of PricewaterhouseCoopers LLP
23.11	Consent of PricewaterhouseCoopers LLP
23.12	Consent of Greenfield, Altman, Brown, Berger & Katz, P.C.
23.13	Consent of PricewaterhouseCoopers LLP
23.14	Consent of Ernst & Young LLP
23.15	Consent of KPMG LLP
23.16	Consent of KPMG LLP
23.17	Consent of Ernst & Young LLP

23.18	Consent of Ernst & Young LLP
23.19	Consent of Ernst & Young LLP
23.20	Consent of Shields & Co.
24.1	Power of Attorney (included in Part II to the Registration Statement on the signature page)*
27.1	Financial Data Schedule(23)

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* Previously filed.

\+ Portions of this exhibit have been omitted pursuant to a request for confidential treatment.

(1) Incorporated by reference to the registration statement on Form S-4 of Charter Communications Holdings, LLC and Charter Communications Holdings Capital Corporation filed on January 25, 2000 (File No. 333-95351).

(2) 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 22, 1999 (File No. 333-77499).

(3) 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).

(4) Incorporated by reference to Amendment No. 4 to the registration statement on Form S-1 of Charter Communications, Inc. filed on November 1, 1999 (File No. 333-83887).

(5) 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).

(6) 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).

(7) Incorporated by reference to Amendment No. 3 to the registration statement on Form S-1 of Charter Communications, Inc. filed on October 18, 1999 (File No. 333-83887).

(8) Incorporated by reference to Amendment No. 5 to the registration Statement on Form S-1 of Charter Communications, Inc. filed on November 4, 1999 (File No. 333-83887).

(9) Incorporated by reference to the report on Form 8-K of Charter Communications Holdings, LLC and Charter Communications Holdings Capital Corporation filed on January 18, 2000 (File No. 333-77499).

(10) 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).

(11) Incorporated by reference to Amendment No. 2 to the registration statement on Form S-1 of Charter Communications, Inc. filed on September 28, 1999 (File No. 333-83887).

(12) 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 Nos. 333-60776 and 333-55755).

(13) Incorporated by reference to the report on Form 8-K of CC VII Holdings, LLC and Falcon Funding Corporation filed on November 26, 1999 (File No. 033-60776).

(14) 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).

(15) Incorporated by reference to the registration statement on Forms S-4 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).

(16) 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).

(17) 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).

(18) Incorporated by reference to the report on Form 8-K of Charter Communications, Inc. filed on November 29, 1999 (File No. 333-83887).

(19) Incorporated by reference to Amendment No. 1 to the registration statement on Form S-4 of Avalon Cable LLC, Avalon Cable Holdings Finance, Inc., Avalon Cable of Michigan Holdings, Inc. and Avalon Cable of Michigan, Inc. filed on May 28, 1999 (File No. 333-75415).

(20) Incorporated by reference to Amendment No. 1 to the registration statement on Form S-4 of Charter Communications Holdings, LLC and Charter Communications Holdings Capital Corporation filed on April 18, 2000 (File No. 333-77499).

(21) Incorporated by reference to the current report on Form 8-K of Charter Communications, Inc. filed on February 29, 2000 (File No. 333-83887).

(22) Incorporated by reference to the annual report on Form 10-K filed by Charter Communications, Inc. on March 30, 2000 (File No. 333-83887).

(23) Incorporated by reference to the quarterly report on Form 10-Q filed by Charter Communications, Inc. on August 14, 2000 (File No. 000-27927).

(24) Incorporated by reference to the report on Form 8-K of Renaissance Media Group LLC filed on March 1, 1999 (File No. 333-56679).

(25) Incorporated by reference to the quarterly report on Form 10-Q filed by Charter Communications Holdings, LLC and Charter Communications Holdings Capital Corporation filed on August 14, 2000 (File No. 333-77499).

(26) Incorporated by reference to the registration statement on Form S-1 of Charter Communications, Inc. filed on July 14, 2000 (File No. 333-41486).

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.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, Charter Communications, Inc. has duly caused this Amendment No. 1 to the Registration Statement on Form S-1 to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of St. Louis, State of Missouri on the twentieth day of September 2000.

CHARTER COMMUNICATIONS, INC.,
registrant

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 20, 2000
* William D. Savoy	Director	September 20, 2000
* Jerald L. Kent	President, Chief Executive Officer and Director (Principal Executive Officer)	September 20, 2000
* Nancy B. Peretsman	Director	September 20, 2000
* Marc B. Nathanson	Director	September 20, 2000
* Ronald L. Nelson	Director	September 20, 2000
* Howard L. Wood	Director	September 20, 2000
* Kent D. Kalkwarf	Executive Vice President and Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)	September 20, 2000

*By: /s/ CURTIS S. SHAW

Attorney-in-fact

EXHIBIT INDEX

EXHIBIT	DESCRIPTION
2.1	Merger Agreement, dated March 31, 1999, by and between Charter Communications Holdings, LLC and Marcus Cable Holdings, LLC(2)
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.)(3)
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(3)
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.)(3)
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(3)
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(24)
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.(3)
2.6(a)	Asset and Stock Purchase Agreement, dated April 20, 1999, between InterMedia Partners of West Tennessee, L.P. and Charter Communications, LLC(2)
2.6(b)	Stock Purchase Agreement, dated April 20, 1999, between TCID 1P-V, Inc. and Charter Communications, LLC(2)
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(2)
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.(2)
2.6(d)(i)	Amendment to Asset Exchange Agreement, made as of October 1, 1999, by and among InterMedia Partners Southeast and Charter Communications, LLC, Charter Communications Properties, LLC and Marcus Cable Associates, L.L.C.(7)
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.(2)
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(5)+
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.)(2)

EXHIBIT	DESCRIPTION
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.)(3)
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.)(3)
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(3)
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(3)
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(3)
2.7(g)	Amendment to the Purchase Agreement with InterLink Communications Partners, LLLP, dated June 29, 1999(6)
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(7)
2.7(i)	Form of First Amendment to the Contribution Agreement dated as of September 14, 1999, by and among Charter Communications Operating, LLC, Charter Communications Holding Company, LLC, Charter Communications, Inc. and Paul G. Allen(8)
2.8	Contribution and Sale Agreement dated as of December 30, 1999, by and among Charter Communications Holding Company, LLC, CC VII Holdings, LLC and Charter Communications VII, LLC(9)
2.9	Contribution and Sale Agreement dated as of December 30, 1999, by and among Charter Communications Holding Company, LLC and Charter Communications Holdings, LLC(9)
2.10(a)	Securities Purchase Agreement, dated May 13, 1999, by and between Avalon Cable Holdings LLC, Avalon Investors, L.L.C., Avalon Cable of Michigan Holdings, Inc. and Avalon Cable LLC and Charter Communications Holdings, LLC and Charter Communications, Inc. (now called Charter Investment, Inc.)(10)
2.10(b)	Assignment and Contribution Agreement, entered into as of October 11, 1999, by and between Charter Communications Holding Company, LLC and Charter Communications, Inc.(7)
2.10(c)	Assignment Agreement effective as of June 16, 1999, by and among Charter Communications, Inc., Charter Communications Holdings, LLC, Charter Communications Holding Company, LLC, Avalon Cable Holdings LLC, Avalon Investors, L.L.C., Avalon Cable of Michigan Holdings, Inc. and Avalon Cable LLC(7)
2.11(a)	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.)(11)

EXHIBIT	DESCRIPTION
2.11(b)	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.(12)
2.11(c)	Form of Second Amendment to Purchase And Contribution Agreement, dated as of October 27, 1999, by and among Charter Investment, Inc., Charter Communications Holding Company, LLC, Falcon Communications, L.P., Falcon Holding Group, L.P., TCI Falcon Holdings, LLC, Falcon Holding Group, Inc. and DHN Inc.(8)
2.11(d)	Third Amendment to Purchase and Contribution Agreement dated as of November 12, 1999, by and among Charter Communications, Inc., Falcon Communications L.P., Falcon Holdings Group, L.P., TCI Falcon Holdings, LLC, Falcon Cable Trust, Falcon Holding Group, Inc. and DHN Inc.(13)
2.12(a)	Purchase Agreement, dated as of May 21, 1999, among Blackstone TWF Capital Partners, L.P., Blackstone TWF Capital Partners A L.P., Blackstone TWF Capital Partners B L.P., Blackstone TWF Family Investment Partnership, L.P., RCF Carry, LLC, Fanch Management Partners, Inc., PBW Carried Interest, Inc., RCF Indiana Management Corp, The Robert C. Fanch Revocable Trust, A. Dean Windry, Thomas Binning, Jack Pottle, SDG/Michigan Communications Joint Venture, Fanch-JV2 Master Limited Partnership, Cooney Cable Associates of Ohio, Limited Partnership, North Texas Cablevision, LTD., Post Cablevision of Texas, Limited Partnership, Spring Green Communications, L.P., Fanch-Narragansett CSI Limited Partnership, and Fanch Cablevision of Kansas General Partnership and Charter Communications, Inc. (now called Charter Investment, Inc.)(11)
2.12(b)	Assignment of Purchase Agreement by and between Charter Investment, Inc. and Charter Communications Holding Company, LLC, effective as of September 21, 1999(7)
2.13	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.)(11)
3.1	Form of Restated Certificate of Incorporation of Registrant(7)
3.1(a)	Certificate of Amendment of Certificate of Incorporation of Registrant
3.2	Form of By-Laws of Registrant(7)
3.2(a)	Amendment to Bylaws of Registrant(22)
4.1	Form of certificate evidencing shares of Class A common stock of Registrant (11)
5.1	Opinion of Paul, Hastings, Janofsky & Walker LLP regarding legality
10.1	Credit Agreement, dated as of March 18, 1999, between Charter Communications Operating, LLC, and certain lenders and agents named therein(2)
10.1(a)	First Amendment to Credit Agreement dated as of June 28, 1999, between Charter Communications Operating, LLC, Charter Communications Holdings, LLC and certain lenders and agents named therein(1)
10.1(b)	Second Amendment to Credit Agreement dated as of December 14, 1999, between Charter Communications Operating, LLC, Charter Communications Holdings, LLC and certain lenders and agents named therein(1)

EXHIBIT	DESCRIPTION
10.1(c)	Third Amendment to Credit Agreement dated as of March 18, 2000, between Charter Communications Operating, LLC, Charter Communications, LLC and certain lenders and agents named therein(22)
10.2(a)(1)	Form of Second Amended Management Agreement, dated as of November 9, 1999, by and among Charter Investment, Inc., Charter Communications, Inc. and Charter Communications Operating, LLC(7)
10.2(b)	Form of Mutual Services Agreement, dated as of November 9, 1999, by and between Charter Communications, Inc. and Charter Investment, Inc.(11)
10.2(b)(i)	Amendment No. 1 to Mutual Services Agreement, dated as of June 30, 2000, by and between Charter Communications, Inc. and Charter Investment, Inc.(26)
10.2(c)	Form of Management Agreement, dated as of November 9, 1999, by and between Charter Communications Holding Company, LLC and Charter Communications, Inc.(7)
10.2(d)	Management Agreement, dated as of November 12, 1999, by and between CC VI Operating Company, LLC and Charter Communications, Inc.(20)
10.2(e)	Management Agreement, dated as of November 12, 1999, by and between Falcon Cable Communications, LLC and Charter Communications, Inc.(20)
10.2(f)	Management Agreement dated as of February 14, 2000, by and between CC VIII Operating, LLC, certain subsidiaries of CC VIII Operating, LLC and Charter Communications, Inc.(22)
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(3)
10.4	Charter Communications Holdings, LLC 1999 Option Plan(3)
10.4(a)	Assumption Agreement regarding option plan, dated as of May 25, 1999, by and between Charter Communications Holdings, LLC and Charter Communications Holding Company, LLC(6)
10.4(b)	Form of Amendment No. 1 to the Charter Communications Holdings, LLC 1999 Option Plan(4)
10.4(c)	Amendment No. 2 to the Charter Communications Holdings, LLC 1999 Option Plan(22)
10.5	Membership Interests Purchase Agreement, dated July 22, 1999, by and between Charter Communications Holding Company, LLC and Paul G. Allen(6)
10.6	Employment Agreement, dated as of August 28, 1998, between Jerald L. Kent and Paul G. Allen(14)
10.7	Assignment of Employment Agreements, dated as of December 23, 1998, between Paul G. Allen and Charter Communications, Inc. (now called Charter Investment, Inc.)(6)
10.8(a)	Option Agreement, dated as of February 9, 1999, between Jerald L. Kent and Charter Communications Holdings, LLC(6)
10.8(b)	Amendment to the Option Agreement, dated as of August 23, 1999, between Jerald L. Kent and Charter Communications Holding Company, LLC(6)
10.8(c)	Form of Amendment to the Option Agreement, dated as of November 8, 1999, by and among Jerald L. Kent, Charter Communications Holding Company, LLC and Charter Communications, Inc.(4)

EXHIBIT	DESCRIPTION
10.9	Letter Agreement, dated as of July 22, 1999, between Charter Communications Holding Company, LLC and Charter Communications Holdings, LLC(14)
10.10	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(6)
10.11	Form of Assignment and Assumption Agreement, dated as of November 4, 1999, by and between Charter Investment, Inc. and Charter Communications, Inc.(11)
10.12	Form of Registration Rights Agreement, dated as of November 12, 1999, by and among Charter Communications, Inc., Charter Investment, Inc., Vulcan Cable III Inc., Mr. Paul G. Allen, Mr. Jerald L. Kent, Mr. Howard L. Wood and Mr. Barry L. Babcock(7)
10.13	Form of Consulting Agreement, dated as of October 18, 1999, by and between Barry L. Babcock and Charter Communications, Inc.(4)
10.14	Form of Termination of Employment Agreement, dated as of October 18, 1999, by and between Barry L. Babcock and Charter Investment, Inc., Charter Communications, Inc. and Charter Communications Holding Company, LLC(4)
10.15	Form of Consulting Agreement, dated as of November 1, 1999, by and between Howard L. Wood and Charter Communications, Inc.(4)
10.16	Form of Termination of Employment Agreement, dated as of November 1, 1999, by and between Howard L. Wood and Charter Investment, Inc., Charter Communications, Inc. and Charter Communications Holding Company, LLC(4)
10.17	Letter Agreement, dated September 21, 1999, by and among Charter Communications, Inc., Charter Investment, Inc., Charter Communications Holding Company, Inc. and Vulcan Ventures Inc.(7)
10.18	Loan Agreement dated as of February 2, 1999, among Bresnan Telecommunications Company LLC (now called CC VIII Operating LLC), as borrower and several financial institutions named therein(17)
10.18(a)	Amended and Restated Credit Agreement dated as of February 14, 2000, by and among CC VIII Operating, LLC, as borrower, CC VIII Holdings, LLC, as guarantor, and several financial institutions or entities named therein(22)
10.19	Credit Agreement, dated as of November 15, 1999, among Avalon Cable LLC, CC Michigan, LLC, CC New England, LLC, and several financial institutions or entities named therein(18)
10.19(a)	First Amendment to Credit Agreement, dated December 21, 1999, by and among CC Michigan, LLC and CC New England, LLC as borrowers, CC V Holdings, LLC as guarantor and several banks and other financial institutions or entities named therein(1)
10.20	Form of Credit Agreement, dated as of June 30, 1998, as Amended and Restated as of November 12, 1999, among Falcon Cable Communications, LLC, certain guarantors and several financial institutions or entities named therein(7)
10.21	Credit Agreement, dated as of November 12, 1999, among CC VI Holdings, LLC, CC VI Operating Company, LLC and several financial institutions or entities named therein.(18)
10.22	Amended and Restated Limited Liability Company Agreement for Charter Communications Holding Company, LLC, dated February 14, 2000(21)

EXHIBIT	DESCRIPTION
10.22(a)	First Amendment to the Amended and Restated Limited Liability Company Agreement for Charter Communications Holding Company, LLC, dated September 13, 2000
10.23	Letter Agreement, dated May 25, 1999, between Charter Communications, Inc. and Marc Nathanson(1)
10.24	Exchange Agreement, dated as of February 14, 2000, by and among Charter Communications, Inc., BCI (USA), LLC, William J. Bresnan, Blackstone BC Capital Partners L.P., Blackstone BC Offshore Capital Partners L.P., Blackstone Family Media, III L.P. (as assignee of Blackstone Family Investment III L.P.), TCID of Michigan, Inc., and TCI Bresnan LLC(21)
10.25	Form of Exchange Agreement, dated as of November 12, 1999, by and among Charter Investment, Inc., Charter Communications, Inc., Vulcan Cable III Inc. and Paul G. Allen(7)
10.27(a)	Indenture relating to the 10.00% Senior notes due 2009, dated as of January 12, 2000, between Charter Communications Holdings, LLC, Charter Communications Holdings Capital Corporation and Harris Trust and Savings Bank(1)
10.27(b)	Form of 10.00% Senior Note due 2010 (included in Exhibit No. 4.1(a))(1)
10.27(c)	Exchange and Registration Rights Agreement, dated January 12, 2000, by and among Charter Communications Holdings, LLC, Charter Communications Holdings Capital Corporation, Goldman, Sachs & Co., Chase Securities Inc., FleetBoston Robertson Stephens Inc., Merrill Lynch, Pierce, Fenner & Smith Incorporated, Morgan Stanley & Co. Incorporated, TD Securities (USA) Inc., First Union Securities, Inc., PNC Capital Markets, Inc. and SunTrust Equitable Securities Corporation, relating to the 10.00% Senior Notes due 2009(1)
10.28(a)	Indenture relating to the 10.25% Senior Notes due 2010, dated as of January 12, 2000, among Charter Communications Holdings, LLC, Charter Communications Holdings Capital Corporation and Harris Trust and Savings Bank(1)
10.28(b)	Form of 10.25% Senior Note due 2010 (included in Exhibit No. 4.2(a))(1)
10.28(c)	Exchange and Registration Rights Agreement, dated January 12, 2000, by and among Charter Communications Holdings, LLC, Charter Communications Holdings Capital Corporation, Goldman, Sachs & Co., Chase Securities Inc., FleetBoston Robertson Stephens Inc., Merrill Lynch, Pierce, Fenner & Smith Incorporated, Morgan Stanley & Co. Incorporated, TD Securities (USA) Inc., First Union Securities, Inc., PNC Capital Markets, Inc. and SunTrust Equitable Securities Corporation, relating to the 10.25% Senior Notes due 2010(1)
10.29(a)	Indenture relating to the 11.75% Senior Discount Notes due 2010, dated as of January 12, 2000, among Charter Communications Holdings, LLC, Charter Communications Holdings Capital Corporation and Harris Trust and Savings Bank(1)
10.29(b)	Form of 11.75% Senior Discount Note due 2010 (included in Exhibit No. 4.3(a))(1)
10.29(c)	Exchange and Registration Rights Agreement, dated January 12, 2000, by and among Charter Communications Holdings, LLC, Charter Communications Holdings Capital Corporation, Goldman, Sachs & Co., Chase Securities Inc., FleetBoston Robertson Stephens Inc., Merrill Lynch, Pierce, Fenner & Smith Incorporated, Morgan Stanley & Co. Incorporated, TD Securities (USA) Inc., First Union Securities, Inc., PNC Capital Markets, Inc. and SunTrust Equitable Securities Corporation, relating to the 11.75% Senior Discount Notes due 2010(1)

EXHIBIT	DESCRIPTION
10.30(a)	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(2)
10.30(b)	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(2)
10.30(c)	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(2)
10.31	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(15)
10.32	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(16)
10.33(a)	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(20)
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23.13	Consent of PricewaterhouseCoopers LLP

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(3) 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).

(4) Incorporated by reference to Amendment No. 4 to the registration statement on Form S-1 of Charter Communications, Inc. filed on November 1, 1999 (File No. 333-83887).

(5) 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).

(6) 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).

(7) Incorporated by reference to Amendment No. 3 to the registration statement on Form S-1 of Charter Communications, Inc. filed on October 18, 1999 (File No. 333-83887).

(8) Incorporated by reference to Amendment No. 5 to the registration Statement on Form S-1 of Charter Communications, Inc. filed on November 4, 1999 (File No. 333-83887).

(9) Incorporated by reference to the report on Form 8-K of Charter Communications Holdings, LLC and Charter Communications Holdings Capital Corporation filed on January 18, 2000 (File No. 333-77499).

(10) 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).

(11) Incorporated by reference to Amendment No. 2 to the registration statement on Form S-1 of Charter Communications, Inc. filed on September 28, 1999 (File No. 333-83887).

(12) 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 Nos. 333-60776 and 333-55755).

(13) Incorporated by reference to the report on Form 8-K of CC VII Holdings, LLC and Falcon Funding Corporation filed on November 26, 1999 (File No. 033-60776).

(14) 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).

(15) Incorporated by reference to the registration statement on Forms S-4 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).

(16) 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).

(17) 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).

(18) Incorporated by reference to the report on Form 8-K of Charter Communications, Inc. filed on November 29, 1999 (File No. 333-83887).

(19) Incorporated by reference to Amendment No. 1 to the registration statement on Form S-4 of Avalon Cable LLC, Avalon Cable Holdings Finance, Inc., Avalon Cable of Michigan Holdings, Inc. and Avalon Cable of Michigan, Inc. filed on May 28, 1999 (File No. 333-75415).

(20) Incorporated by reference to Amendment No. 1 to the registration statement on Form S-4 of Charter Communications Holdings, LLC and Charter Communications Holdings Capital Corporation filed on April 18, 2000 (File No. 333-77499).

(21) Incorporated by reference to the current report on Form 8-K of Charter Communications, Inc. filed on February 29, 2000 (File No. 333-83887).

(22) Incorporated by reference to the annual report on Form 10-K filed by Charter Communications, Inc. on March 30, 2000 (File No. 333-83887).

(23) Incorporated by reference to the quarterly report on Form 10-Q filed by Charter Communications, Inc. on August 14, 2000 (File No. 000-27927).

(24) Incorporated by reference to the report on Form 8-K of Renaissance Media Group LLC filed on March 1, 1999 (File No. 333-56679).

(25) Incorporated by reference to the quarterly report on Form 10-Q filed by Charter Communications Holdings, LLC and Charter Communications Holdings Capital Corporation filed on August 14, 2000 (File No. 333-77499).

(26) Incorporated by reference to the registration statement on Form S-1 of Charter Communications, Inc. filed on July 14, 2000 (File No. 333-41486).

Exhibit 3.1(a)

CERTIFICATE OF AMENDMENT
OF
CERTIFICATE OF INCORPORATION
OF
CHARTER COMMUNICATIONS, INC.
a Delaware corporation

Charter Communications, Inc., a corporation organized and existing under the laws of the State of Delaware, hereby certifies as follows:

1. That Paragraph (a)(of Article THIRD of the Certificate of Incorporation of this corporation is amended to read in full as follows:

"(a) CORPORATE PURPOSE. The purpose of the Corporation is to engage in any lawful act or activity for which a corporation may be organized under the General Corporation Law of the State of Delaware (the "GCL"); (i) provided, however, that until all outstanding shares of Class B Common Stock of the Corporation (as hereinafter defined) have been converted into shares of Class A Common Stock of the Corporation (as hereinafter defined) in accordance with Clause (b)(viii) of Article Fourth of this Certificate of Incorporation, the Corporation shall not engage directly or indirectly, including without limitation through any Subsidiary, in any business other than (A) the cable transmission business, (B) as a member or shareholder of, and subscriber to, the portal joint venture with Broadband Partners and (C) as an owner and operator of the business of Interactive Broadcaster Services Corporation, a California corporation ("IBSC") which shall include solely the ownership of its assets and continuation of its business substantially as owned and conducted at the effective time of the merger of this Corporation with IBSC; and (ii) provided further, that to the extent that, as of the date of the closing of the initial registered public offering of shares of Class A Common Stock on Form S-1 (the "IPO Date"), the Corporation was directly or indirectly engaged in or had agreed to acquire directly or indirectly any business other than a cable transmission business or as a member of, and subscriber to, the portal joint venture with Broadband Partners (any such other business, an "Incidental Business," and collectively, "Incidental Businesses") so long as (A) such Incidental Businesses so engaged in by the Corporation on the IPO Date in the aggregate on such date accounted for less than ten percent (10%) of the consolidated revenues of the total business engaged in by the Corporation or (B) such Incidental Businesses which on the IPO Date the Corporation had agreed to acquire in the aggregate on such date accounted for less than ten percent (10%) of the consolidated revenues of the total businesses to be acquired, as applicable, the Corporation may, directly or indirectly, including through any Subsidiary, continue to conduct any such Incidental Business and the foregoing limitation on the business and purpose of the Corporation shall not require that any such Incidental Business be divested by the Corporation, but the Corporation shall not, directly or indirectly, expand any such Incidental Business by means of any acquisition or any commitment of the Corporation's or any Subsidiary's resources or financial support. "Cable transmission business" means the transmission of video, audio (including telephony) and data over cable television systems owned, operated or managed by the Corporation or any Subsidiary; provided, that, the businesses of RCN Corporation and its subsidiaries shall not be deemed to be a cable transmission business. "Subsidiary" means any corporation, limited liability company, partnership, association, joint venture or other business entity of which (i) if a corporation, ten percent (10%) or more of the total voting power of shares of stock entitled to vote in the election of directors thereof or ten percent (10%) or more of the value of the equity interests is at the time owned or controlled, directly or indirectly, by the Corporation or one or more of its Subsidiaries, or (ii) if a limited liability company, partnership, association or other business entity, ten percent (10%) or more of the partnership or other similar ownership interests thereof is at the time owned or controlled, directly or indirectly, by the Corporation or one or more of its Subsidiaries. The Corporation shall be deemed to have a ten percent (10%) or greater ownership interest in a limited liability company, partnership, association or other business entity if the Corporation is allocated ten percent (10%) or more of the limited liability company, partnership, association or other business entity gains or losses or shall be or control the person managing such limited liability company, partnership, association or other business entity."

2. Said Amendment has been duly adopted in accordance with the provisions of Section 242 of the Delaware General Corporation Law, by approval of the Board of Directors of the corporation and by the affirmative vote of the holders of at least of a majority of the outstanding stock entitled to vote.

IN WITNESS WHEREOF, CHARTER COMMUNICATIONS, INC. has caused this Certificate of Amendment of Certificate of Incorporation to be signed by its President this 31st day of August, 2000.

CHARTER COMMUNICATIONS, INC.

By: /s/ Jerald L. Kent

Jerald L. Kent
President

Exhibit 5.1

September 22, 2000

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 re-sale by the selling shareholders named in the Registration Statement of up to 5,661,117 shares of Class A common stock of the Company, par value $.001 per share (the"Shares"), owned by such shareholders.

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 hereafter expressed. In addition, we have reviewed such other instruments and documents as we have deemed necessary to form a basis for the opinion hereafter 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 are 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,

/s/ Paul, Hastings, Janofsky & Walker LLP

Exhibit 10.22(a)

FIRST AMENDMENT TO THE
AMENDED AND RESTATED LIMITED LIABILITY COMPANY AGREEMENT
FOR
CHARTER COMMUNICATIONS HOLDING COMPANY, LLC
A DELAWARE LIMITED LIABILITY COMPANY

This First Amendment to the Amended and Restated Limited Liability Company Agreement for Charter Communications Holding Company, LLC, a Delaware limited liability company ("COMPANY"), is adopted effective as of September 13, 2000 ("EFFECTIVE DATE") by Charter Communications, Inc., a Delaware corporation ("PUBLICCO"), with reference to the following facts:

A. The Company is being operated pursuant to that certain Amended and Restated Limited Liability Company Agreement entered into and made effective as of February 14, 2000, by and among Charter Investment, Inc, Vulcan Cable III Inc., PublicCo, and certain other parties (the "LLC AGREEMENT"). Unless otherwise defined, capitalized terms used herein have the meanings assigned to them in the LLC Agreement.

B. Pursuant to that certain Merger Agreement and Plan of Reorganization dated as of August 11, 2000, among PublicCo, Interactive Broadcaster Services Corporation, and Craig T. Moncreiff, the certificate of incorporation of PublicCo is being amended as of the Effective Date. PublicCo desires to make certain conforming changes to the LLC Agreement.

C. Section 10.11 of the LLC Agreement provides that an amendment to the LLC Agreement to incorporate the changes made by this First Amendment shall be effective as an amendment upon the approval of Members holding more than fifty percent (50%) of the Class B Common Units. On the Effective Date, PublicCo owns all outstanding Class B Common Units and desires to approve the amendments to the LLC Agreement made by this First Amendment.

NOW, THEREFORE, the LLC Agreement is hereby amended as follows:

1. Section 2.5 of the LLC Agreement is amended and restated in its entirety to read as follows:

> 2.5 Purpose of Company. The Company may carry on any lawful business, purpose, or activity that may be carried on by a limited liability company under applicable law; (i) provided, however, that, until all outstanding shares of Class B Common Stock have been converted into shares of Class A Common Stock in accordance with Clause (b)(viii) of Article Fourth of PublicCo's certificate of incorporation as constituted as of the Class B Common Measuring Date, without the Approval of the Class A Common Members, the Company shall not engage directly or indirectly, including without limitation through any Subsidiary, in any business other than (A) the Cable Transmission Business (as defined below), (B) as a member or shareholder of, and subscriber to, the portal joint venture with Broadband Partners and (C) as an owner and operator of the business of Interactive Broadcaster Services Corporation, a California corporation, which shall include solely the ownership of its

assets and continuation of its business substantially as owned and conducted as of September 13, 2000; (ii) provided further, that to the extent that, as of the Class B Common Measuring Date, the Company was directly or indirectly engaged in or had agreed to acquire directly or indirectly any business other than the Cable Transmission Business or as a member of, and subscriber to, the portal joint venture with Broadband Partners (any such other business, an "INCIDENTAL BUSINESS," and collectively, "INCIDENTAL BUSINESSES"), so long as (a) such Incidental Businesses so engaged in by the Company on the Class B Common Measuring Date in the aggregate on such date accounted for less than ten percent (10%) of the consolidated revenues of the total business engaged in by the Company or (b) such Incidental Businesses which on the Class B Common Measuring Date the Company had agreed to acquire in the aggregate on such date accounted for less than ten percent (10%) of the consolidated revenues of the total businesses to be acquired, as applicable, the Company may, directly or indirectly, including through any Subsidiary, continue to conduct any such Incidental Business and the foregoing limitation on the business and purpose of the Company shall not require that any such Incidental Business be divested by the Company, but the Company shall not, directly or indirectly, expand any such Incidental Business by means of any acquisition or any commitment of the Company or its Subsidiaries' resources or financial support. "CABLE TRANSMISSION BUSINESS" means the transmission of video, audio (including telephony) and data over cable television systems owned, operated or managed by the Company or its Subsidiaries; provided, that the businesses of RCN Corporation and its Subsidiaries shall not be deemed to be a Cable Transmission Business.

2. The first two paragraphs of Section 5.7 are amended and restated in their entirety to read as follows:

5.7 Competing Activities. Except as provided by any individual contract: (i) any Manager or Member (and their respective officers, directors, agents, shareholders, members, partners or Affiliates) may engage or invest in, independently or with others, any business activity of any type or description, including without limitation those that might be the same as or similar to the Company's business or the business of any Subsidiary and that might be in direct or indirect competition with the Company or any Subsidiary; (ii) neither the Company or any Subsidiary nor any Member shall have any right in or to such other ventures or activities or to the income or proceeds derived therefrom; (iii) no Manager or Member (and their respective officers, directors, agents, shareholders, members, partners or Affiliates) shall be obligated to present any investment opportunity or prospective economic advantage to the Company or any Subsidiary, even if the opportunity is of the character that, if presented to the Company or any Subsidiary, could be taken by the Company or any Subsidiary; and (iv) any Manager or Member (and their respective officers, directors, agents, shareholders, members, partners or Affiliates) shall have the right to hold any investment opportunity or prospective economic advantage for such Manager's or Member's (and their respective officers', directors', agents', shareholders', members', partners' or Affiliates') own account or to recommend such opportunity to Persons other than the Company or any Subsidiary;

(i) provided that as a condition to election as Manager and receiving a Membership Interest in the Company upon consummation of the IPO, PublicCo agrees that until all outstanding shares of Class B Common Stock have been converted into shares of Class A Common Stock in accordance with Clause (b)(viii) of Article Fourth of PublicCo's certificate of incorporation as constituted as of the Class B Common Measuring Date, it shall not engage directly or indirectly, including without limitation through any Subsidiary, in any business other than (A) the Cable Transmission Business, (B) as a member or shareholder of, and subscriber to, the portal joint venture with Broadband Partners; and (C) as an owner and operator of the business of Interactive Broadcaster Services Corporation, a California corporation, which shall include solely the ownership of its assets and continuation of its business substantially as owned and conducted as of September 13, 2000; (ii) provided further, that to the extent that, as of the Class B Common Measuring Date, PublicCo was directly or indirectly engaged in, or had agreed to acquire directly or indirectly, an Incidental Business, so long as (a) such Incidental Businesses so engaged in by PublicCo on the Class B Common Measuring Date in the aggregate on such date accounted for less than ten percent (10%) of the consolidated revenues of the total business engaged in by PublicCo, or (b) such Incidental Businesses which on the Class B Common Measuring Date PublicCo had agreed to acquire in the aggregate on such date accounted for less than ten percent (10%) of the consolidated revenues of the total businesses to be acquired, as applicable, PublicCo may, directly or indirectly, including through any Subsidiary, continue to conduct any such Incidental Business and the foregoing limitation on the business and purpose of PublicCo shall not require that any such Incidental Business be divested by PublicCo, but PublicCo shall not, directly or indirectly, expand any such Incidental Business by means of any acquisition or any commitment of PublicCo or its Subsidiaries' resources or financial support. PublicCo also agrees that it shall not (i) hold any assets, other than (a) working capital cash and cash equivalents held for the payment of current obligations and receivables from the Company; (b) Common Units; (c) back-to-back obligations and mirror equity interests of the Company, consisting of obligations and equity securities (other than Common Units, but including convertible securities), which are substantially equivalent to liabilities or obligations or securities of PublicCo to third parties; (d) assets subject to an existing obligation to contribute such assets (or successor assets) to the Company in exchange for Units; (e) assets acquired as a result of the issuance of (x) common stock of PublicCo and/or preferred stock of PublicCo and/or (y) liabilities or obligations of PublicCo, subject to an existing obligation to contribute such assets (or successor assets) to the Company in exchange for Common Units (in respect of the common stock of PublicCo issued) and/or for mirror equity securities (other than Common Units, but including convertible securities, in respect of the mirror equity securities issued) of the Company and/or liabilities or obligations of the Company (in respect of the liabilities or obligations incurred), which are substantially equivalent to the equity securities and/or liabilities and obligations of PublicCo issued to acquire such assets; or (f) goodwill or deferred tax assets, or (ii) incur any liabilities or obligations for borrowed money, for acquisition of assets or under any capital lease, other than (a) in connection with back-to-back obligations of the Company to PublicCo consisting of liabilities or obligations of the Company which are substantially equivalent to liabilities or obligations of PublicCo to a third party; (b) liabilities or obligations incident to the acquisition of Units in exchange for common stock of PublicCo; or (c) liabilities or obligations as contemplated by Clauses (i)(d) and (e) immediately above. PublicCo further agrees (x) that it shall not issue, transfer from treasury stock or repurchase shares of its common stock unless in connection with any such issuance, transfer, or repurchase PublicCo takes all requisite action such that, after giving effect to all such issuances, transfers or repurchases, the number of outstanding shares of common stock will equal on a one-for-one basis the number of Common Units owned by PublicCo; (y) that it shall not issue, transfer from treasury stock or repurchase shares of preferred stock of PublicCo unless in connection with any such issuance, transfer or repurchase PublicCo takes all requisite action such that, after giving effect to all such issuances, transfers or repurchases, PublicCo holds mirror equity interests of the Company which are in the aggregate substantially equivalent to the outstanding preferred stock of PublicCo; and (z) upon any reclassification of the Common Units, whether by combination, division or otherwise, it shall take all requisite action so that the number of outstanding shares of common stock will equal on a one-for-one basis the number of Common Units owned by PublicCo.

The Company agrees that, until all outstanding shares of Class B Common Stock have been converted into shares of Class A Common Stock in accordance with Clause (b)(viii) of Article Fourth of PublicCo's certificate of incorporation as constituted as of the Class B Common Measuring Date, without the Approval of the Class A Common Members, (i) the Company shall not engage directly or indirectly, including without limitation through any Subsidiary, in any business other than (A) the Cable Transmission Business, (B) as a member or shareholder of and subscriber to, the portal joint venture with Broadband Partners, and (C) as an owner and operator of the business of Interactive Broadcaster Services Corporation, a California corporation, which shall include solely the ownership of its assets and continuation of its business substantially as owned and conducted as of September 13, 2000; and (ii) to the extent that, as of the Class B Common Measuring Date, the Company was directly or indirectly engaged in, or had agreed to acquire directly or indirectly, an Incidental Business, so long as (a) such Incidental Businesses so engaged in by the Company on the Class B Common Measuring Date in the aggregate on such date accounted for less than ten percent (10%) of the consolidated revenues of the total business engaged in by the Company or (b) such Incidental Businesses which on the Class B Common Measuring Date the Company had agreed to acquire in the aggregate on such date accounted for less than ten percent (10%) of the consolidated revenues of the total businesses to be acquired, as applicable, the Company may, directly or indirectly, including through any Subsidiary, continue to conduct any such Incidental Business and the foregoing limitation on the business and purpose of the Company shall not require that any such Incidental Business be divested by the Company, but the Company shall not, directly or indirectly, expand any such Incidental Business by means of any acquisition or any commitment of the Company or its Subsidiaries' resources or financial support.

IN WITNESS WHEREOF, the undersigned has executed this First Amendment, effective as of the date first written above.

Charter Communications, Inc.

By: /s/ Curtis S. Shaw

Name: Cutis S. Shaw
Title: Senior Vice President

EXHIBIT 21.1

CHARTER COMMUNICATIONS, INC.
SUBSIDIARIES OF REGISTRANT
(CONTINUED)

Charter Telephone of Minnesota, L.L.C.
Charter Helicon, LLC
Charter-LaGrange, L.L.C.
Cross Country Cable, LLC
Dalton Cablevision, Inc.
Eastern Mississippi Cablevision, Inc.
Enstar Cable Corporation
Enstar Communications Corporation
Enstar Finance Company, LLC
Falcon Cable Communications, LLC
Falcon Cable Media (CA LP)
Falcon Cable Systems Company II, LP
Falcon Cablevision (CA LP)
Falcon Community Cable, L.P.
Falcon Community Investors, LP (CA LP)
Falcon Community Ventures I (CA LP)
Falcon Equipment Company, LLC
Falcon First Cable of New York, Inc.
Falcon First Cable of the Southeast, Inc.
Falcon First Holdings, Inc.
Falcon First, Inc.
Falcon Funding Corporation
Falcon Investors Group, Ltd.
Falcon Lake Las Vegas Cablevision, L.P.
Falcon Media Investors Group (CA LP)
Falcon Pacific Microwave
Falcon Telecable (CA LP)
Falcon Telecable Investors Group (CA LP)
Falcon Telecom, L.P.
Falcon Video Communications Investors, L.P.
Falcon Video Communications, L.P.
Falcon/Capital Cable G.P.
Falcon/Capital Cable Partners, L.P.
FF Cable Holdings, Inc.
Helicon Capital Corp.
Helicon Network Solutions, L.P.
Helicon Online, L.P.
Helicon Partners I, LP
Hometown TV, Inc.
Hornell Television Service, Inc.
HPI Acquisitions Co., LLC
Interlink Communications Partners, LLC
Lauderdale Cablevision, Inc.
Long Beach, LLC
Marcus Cable Associates, L.L.C.
Marcus Cable of Alabama, L.L.C.
Marcus Cable Partners, L.L.C.
Marcus Cable, Inc.
Midwest Cable Communications, Inc.
Midwest Video Electronics, Inc.
Multivision Northeast, Inc.
Multivision of Commerce, Inc.
Peachtree Cable TV, L.P.

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. and subsidiaries, Charter Communications Properties Holdings, LLC and subsidiaries, CCA Group, CharterComm Holdings, L.P. and subsidiaries, Long Beach Acquisition Corp., Sonic Communications Cable Television Systems, Greater Media Cablevision Systems, Marcus Cable Holdings, LLC and subsidiaries for the three months ended March 31, 1999, Helicon Partners I, L.P. and affiliates for the seven months ended July 30, 1999, and CC V Holdings, LLC and subsidiaries, 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, 2000

Exhibit 23.3

CONSENT OF INDEPENDENT ACCOUNTANTS

The Board of Directors
Charter Communications, Inc.:

We consent to the inclusion in Amendment No. 1 to the registration statement on Form S-1 (No. 333-41486) of Charter Communications, Inc. 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.

/s/ KPMG LLP

Dallas, Texas
September 20, 2000

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. 1 to the Registration Statement on Form S-1 (No. 333-41486) 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, 2000

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. 1 to the Registration Statement on Form S-1 (No. 333-41486) 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, 2000

Exhibit 23.6

CONSENT OF INDEPENDENT ACCOUNTANTS

The Board of Directors
Charter Communications, Inc.:

We consent to the inclusion in Amendment No. 1 to the registration statement on Form S-1 (No. 333-41486) 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, 2000

Exhibit 23.7

CONSENT OF INDEPENDENT ACCOUNTANTS

We hereby consent to the use in this Amendment No. 1 to the Registration Statement on Form S-1 of Charter Communications, Inc. of our report dated January 6, 2000, relating to the combined financial statements of InterMedia Cable Systems which appear in such Amendment No. 1 to the Registration Statement. We also consent to the reference to us under the heading "Experts" in such Amendment No. 1 to the Registration Statement.

/s/ PRICEWATERHOUSECOOPERS LLP

San Francisco, California
September 20, 2000

Exhibit 23.8

CONSENT OF INDEPENDENT ACCOUNTANTS

We hereby consent to the use in this Amendment No. 1 to the 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 L.P. for the year ended December 31, 1998, which appear in such Registration Statement; and

* Our reports dated February 15, 2000, relating to the financial statements 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 for the period ended September 13, 1999, 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, 2000

Exhibit 23.9

CONSENT OF INDEPENDENT AUDITORS

We consent to the reference to our firm under the caption "Experts" and to the 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. 1 to the Registration Statement on Form S-1 and related Prospectus of Charter Communications, Inc. for the registration of 5,661,117 shares of Class A Common Stock.

/s/ ERNST & YOUNG LLP

Denver, Colorado
September 20, 2000

Exhibit 23.10

Consent Of Independent Accountants

We hereby consent to the use in this Amendment No. 1 to the Registration Statement on 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, 2000

Exhibit 23.11

Consent of Independent Accountants

We hereby consent to the use in this Amendment No. 1 to the Registration Statement on 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, 2000

Exhibit 23.12

Consent Of Independent Accountants

We hereby consent to the use in this Amendment No. 1 to the Registration Statement on 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, 2000

Exhibit 23.13

Consent Of Independent Accountants

We hereby consent to the use in this Amendment No. 1 to the Registration Statement on 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 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, 2000

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 2, 2000, with respect to the consolidated financial statements of Falcon Communications, L.P. included in Amendment No. 1 to the Registration Statement on Form S-1 and related Prospectus of Charter Communications, Inc. for the registration of 5,661,117 shares of its common stock.

We also consent to the use of our report dated March 2, 2000, with respect to the combined financial statements of CC VII - Falcon Systems not separately included in Amendment No. 1 to the Registration Statement on Form S-1 and related Prospectus of Charter Communications, Inc. for the registration of 5,661,117 shares of its common stock.

/s/ ERNST & YOUNG LLP

Los Angeles, California
September 20, 2000

Exhibit 23.15

CONSENT OF INDEPENDENT ACCOUNTANTS

The Board of Directors
Tele-Communications, Inc.:

We consent to the inclusion in Amendment No. 1 to the registration statement on Form S-1 (No. 333-41486) of Charter Communications, Inc. of our report on 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, 2000

Exhibit 23.16

CONSENT OF INDEPENDENT ACCOUNTANTS

The Board of Directors
Charter Communications, Inc.:

We consent to the inclusion in Amendment No. 1 to the registration statement on Form S-1 (No. 333-41486) of Charter Communications, Inc. of our reports on the consolidated balance sheets of Bresnan Communications Group LLC and its subsidiaries as of February 14, 2000 and December 31, 1998 and 1999 and the related consolidated statements of operations and members' equity (deficit), and cash flows for the period from January 1, 2000 to February 14, 2000 and for each of the years in the three-year period ended December 31, 1999, included herein and to the reference to our firm under the heading "Experts" in the registration statement.

/s/ KPMG LLP

Denver, Colorado
September 20, 2000

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 January 28, 2000, with respect to the combined financial statements of Fanch Cable Systems Sold to Charter Communications, Inc. (comprised of Components of TWFanch-one Co., Components of TWFanch-two Co., Mark Twain Cablevision, North Texas Cablevision LTD., Post Cablevision of Texas L.P., Spring Green Communications L.P., Fanch Narragansett CSI L.P., Cable Systems Inc., ARH, and Tioga) included in Amendment No. 1 to the Registration Statement on Form S-1 and related Prospectus of Charter Communications, Inc. for the registration of 5,661,117 shares of Class A Common Stock.

We also consent to the use of our report dated February 11, 2000, with respect to the consolidated financial statements of Charter Communications VI Operating Company, LLC and subsidiaries not separately included in Amendment No. 1 to the Registration Statement on Form S-1 and related Prospectus of Charter Communications, Inc. for the registration of 5,661,117 shares of Class A Common Stock.

/s/ ERNST & YOUNG LLP

Denver, Colorado
September 20, 2000

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. 1 to the Registration Statement on Form S-1 (No. 333-41486) 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, 2000

Exhibit 23.19

CONSENT OF INDEPENDENT AUDITORS

We consent to the reference to our firm under the caption "Experts" and to the use of our report dated June 4, 1999 (except for Note 11, as to which the date is June 29, 1999), with respect to the consolidated financial statements of Renaissance Media Group LLC included in Amendment No. 1 to the Registration Statement on Form S-1 (No. 333-41486) 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, 2000

Exhibit 23.20

CONSENT OF INDEPENDENT PUBLIC ACCOUNTANTS

We consent to the reference to our firm under the caption "Experts" and to the use of our reports dated March 9, 1999, with respect to the financial statements of Cable Systems, Inc. and Fanch Narragansett CSI Limited Partnership, the consolidated financial statements of North Texas Cablevision, Ltd. and our report dated March 10, 1999 for the financial statements of Spring Green Communications, L.P. included in Amendment No. 1 to the Registration Statement on Form S-1 and related Prospectus of Charter Communications, Inc. for the registration of 5,661,117 shares of its Class A Common Stock.

/s/ Shields & Co.

Englewood, Colorado
September 20, 2000