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Hornell Television Service, Inc.
1873 South Bellaire Street, Suite 1550
Denver, Colorado 80222

1999 JUL -1 PM 2:55
June 30, 1999

FEDERAL EXPRESS

Ms. Debra Renner, Acting Secretary
New York State Public Service Commission
Three Empire Plaza
Albany, New York 12223-1350

99-V-0881
Orig. Files
Copies to: N. Tague - 13 flr.
K. Hilligas 7 flr. C. Hume - 4 flr.
S. Shye - 4 flr.
D. Burke - 4 flr. A. Dalton - 3 flr.

Re: Transfer of Cable Television Franchises; FCC Forms 394

Dear Ms. Renner:

TWFanch-one Co. has agreed to transfer the cable television systems and franchises serving the Town of Great Valley, the Town of Little Valley, the Village of Little Valley, the City of Salamanca, and the Town of Salamanca to Hornell Television Service, Inc. ("Hornell"). Hornell is a partner of TWFanch-one Co. Separately, Fanch Cablevision of Indiana, L.P. ("FCILP"), which owns all of the stock of Hornell, has entered into a contract with Charter Communications VI, LLC ("Charter VI") to sell all of the ownership interests in FCILP to Charter VI following the transfer of the cable television systems to Hornell, which would result in a change of control of Hornell to Charter VI.

At this time, TWFanch-one Co. and Hornell respectfully request your consent to an assignment of the cable franchises from TWFanch-one Co. to Hornell. Separately, Hornell requests your consent to the subsequent change of control of Hornell to Charter VI.

Enclosed please find two (2) binders, which contain four (4) applications for approval of transfer (there are two complete applications in each binder. Each of the four (4) applications contains two (2) completed FCC Forms 394 - Application for Franchise Authority Consent to Assignment or Transfer of Control of Cable Television Franchise, along with a model transfer resolution and all required exhibits and documentation. The first Form 394 relates to the transfer from TWFanch-one Co. to Hornell, and the second relates to the subsequent change of control of Hornell.

Charter Communications, A Wired World Company ("Charter"), now majority owned by Microsoft co-founder Paul Allen, is dedicated to superior customer service and the fulfillment of the "wired world" strategy. That strategy is marked by the combination of compelling content, personal computing and high bandwidth data channels. With this strategy, Charter believes it is uniquely positioned to deliver video, as well as, advanced data and transactional services to the consumers in your community.

These FCC Forms 394 are being submitted pursuant to 47 C.F.R. §76.502. Forms 394 and related exhibits have also been sent to each of the five (5) municipalities named above. While the request for transfer is deemed granted if not acted upon within 120 days of its submission, the parties hope to complete the transactions as soon as possible.

It is our desire to work closely with you to expedite the assignment, and we and Charter are available to discuss Charter's qualifications and the specifics of the transaction. We envision that the process can easily be completed within the allotted time frame.

If you have any questions or would like to arrange a meeting, please contact me at 303-756-5600, or contact our counsel David L. Mayer at 401-331-5700. If you have any questions concerning Charter relating to the proposed transfers, please feel free to contact M. Celeste Vossmeier, Vice President - Government Relations of Charter at 314-543-2410.

Very truly yours,

Hornell Television Service, Inc.
By: Jeffrey D. Elberson
Jeffrey D. Elberson
Executive Vice President

cc: Mr. Chad G. Hume, Deputy Director, Office of Communications (with one copy of application)

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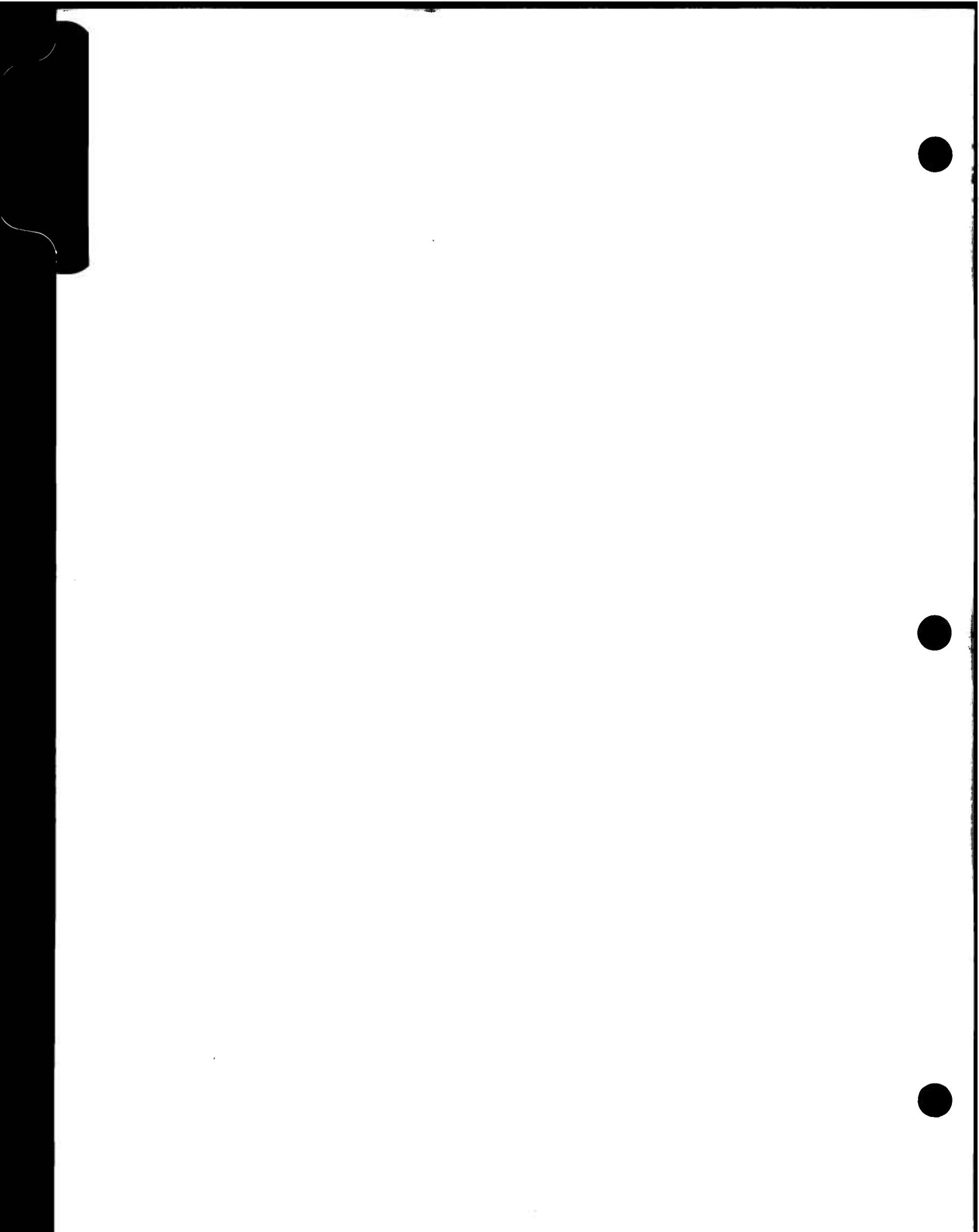
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SECTION 1

FANCH FCC FORM 394

**APPLICATION FOR FRANCHISE AUTHORITY CONSENT TO
ASSIGNMENT OR TRANSFER OF CONTROL OF CABLE
TELEVISION FRANCHISE**

Washington, D.C. 20554

FCC 394

**APPLICATION FOR FRANCHISE AUTHORITY
CONSENT TO ASSIGNMENT OR TRANSFER OF CONTROL
OF CABLE TELEVISION FRANCHISE**

FOR FRANCHISE AUTHORITY USE ONLY

SECTION I. GENERAL INFORMATION

DATE June 18, 1999	1. Community Unit Identification Number: NY0316; NY0564; NY0565; NY0021; NY0371
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2. Application for: Assignment of Franchise Transfer of Control

3. Franchising authority: New York State Public Service Commission	
4. Identify community where the system/franchise that is the subject of the assignment or transfer of control is located: Town of Great Valley; Town of Little Valley; Village of Little Valley; City of Salamanca; Town of Salamanca	
5. Date system was acquired or (for system's constructed by the transferor/assignor) the date on which service was provided to the first subscriber in the franchise area:	August 31, 1996
6. Proposed effective date of closing of the transaction assigning or transferring ownership of the system to transferee/assignee:	October 31, 1999

Attach as an Exhibit a schedule of any and all additional information or material filed with this application that is identified in the franchise as required to be provided to the franchising authority when requesting its approval of the type of transaction that is the subject of this application.

N/A.

PART I - TRANSFEROR/ASSIGNOR

1. Indicate the name, mailing address, and telephone number of the transferor/assignor.

Legal name of Transferor/Assignor (if individual, list last name first) TWFanch-one Co.			
Assumed name used for doing business (if any) CableComm			
Mailing street address or P.O. Box 1873 South Bellaire Street, Suite 1550			
City Denver	State CO	ZIP Code 80222	Telephone No. (include area code) 303-756-5600

2.(a) Attach as an Exhibit a copy of the contract or agreement that provides for the assignment or transfer of control (including any exhibits or schedules thereto necessary in order to understand the terms thereof). If there is only an oral agreement, reduce the terms to writing and attach. (Confidential trade, business, pricing, or marketing information, or other information not otherwise publicly available, may be redacted.)

Exhibit No.
1

(b) Does the contract submitted in response to (a) above embody the full and complete agreement between the transferor/assignor and transferee/assignee?

 Yes No

If No, explain in an Exhibit.

NA

PART II - TRANSFEREE/ASSIGNEE

(a) Indicate the name, mailing address, and telephone number of the transferee/assignee

Legal name of Transferee/Assignee (if individual, list last name first) Hornell Television Service, Inc.			
Assumed name used for doing business (if any)			
Mailing street address or P.O. Box 1873 South Bellaire Street, Suite 1550			
City Denver	State Colorado	ZIP Code 80222	Telephone No. (include area code) 303-756-5600

(b) Indicate the name, mailing address, and telephone number of the person to contact, if other than the transferee/assignee.

Name of contact person (list last name first)			
Firm or company name (if any)			
Mailing street address or P.O. Box			
City	State	ZIP Code	Telephone No. (include area code)

(c) Attach as an Exhibit the name, mailing address, and telephone number of each additional person who should be contacted, if any.

NA

(d) Indicate the address where the system's records will be maintained.

Street address 1873 South Bellaire Street, Suite 1550			
City Denver	State CO	ZIP Code 80222	

2. Indicate on an attached Exhibit any plans to change the current terms and conditions of service and operations of the system as a consequence of the transaction for which approval is sought.

See Exhibit 2

SECTION II. TRANSFEREE'S/ASSIGNEE'S LEGAL QUALIFICATIONS

1. Transferee/Assignee is:

Corporation

a. Jurisdiction of incorporation: New York	d. Name and address of registered agent in jurisdiction National Registered Agents, Inc. Albany, NY
b. Date of incorporation: May 17, 1951	
c. For profit or non-for-profit: For profit	

Limited Partnership

a. Jurisdiction in which formed:	c. Name and address of registered agent in jurisdiction:
b. Date of formation:	

General Partnership

a. Jurisdiction whose laws govern formation:	b. Date of formation:
--	-----------------------

Individual

Other - Describe in an exhibit

NA

List the transferee/assignee, and, if the transferee/assignee is not a natural person, each of its officers, directors, stockholders beneficially holding more than 5% of the outstanding voting shares, general partners, and limited partners holding an equity interest of more than 5%. Use only one column for each individual or entity. Attach additional pages if necessary. (Read carefully - the lettered items below refer to corresponding lines in the following table.)

- (a) Name, residence, occupation or principal business, and principal place of business. (If other than an individual, also show name, address and citizenship of natural person authorized to vote the voting securities of the applicant that it holds.) List the applicant first, officers next, then directors and, thereafter, remaining stockholders and/or partners.
- (b) Citizenship.
- (c) Relationship to the transferee/assignee (e.g., officer, director, etc.)
- (d) Number of shares or nature of partnership interest.
- (e) Number of votes.
- (f) Percentage of votes.

(a) Fanch Cablevision of Indiana, L.P. 1873 South Bellaire Street Suite 1550 Denver, CO 80222	Robert C. Fanch 1873 South Bellaire Street Suite 1550 Denver, CO 80222	Jack Pottle 1873 South Bellaire Street Suite 1550 Denver, CO 80222
(b) USA	USA	USA
(c) stockholder	Director and Officer	Director and Officer
(d) 100	-0-	-0-
(e) 100	-0-	-0-
(f) 100%	-0-	-0-

3. If the applicant is a corporation or a limited partnership, is the transferee/assignee formed under the laws of, or duly qualified to transact business in, the State or other jurisdiction in which the system operates?

Yes No

If the answer is No, explain in an Exhibit.

4. Has the transferee/assignee had any interest in or in connection with an application which has been dismissed or denied by any franchise authority?

If the answer is Yes, describe circumstances in an Exhibit

Yes No

5. Has an adverse finding been made or an adverse final action been taken by any court or administrative body with respect to the transferee/assignee in a civil, criminal or administrative proceeding, brought under the provisions of any law or regulation related to the following: any felony; revocation, suspension or involuntary transfer of any authority (including cable franchises) to provide video programming services; mass media related antitrust or unfair competition; fraudulent statements to another governmental unit; or employment discrimination?

Yes No

If the answer is Yes, attach as an Exhibit a full description of the persons and matter(s) involved, including an identification of any court or administrative body and any proceeding (by dates and file numbers, if applicable), and the disposition of such proceeding.

NA

6. Are there any documents, instruments, contracts or understandings relating to ownership or future ownership rights with respect to any attributable interest as described in Question 2 (including, but not limited to, non-voting stock interests, beneficial stock ownership interests, options, warrants, debentures)?

If Yes, provide particulars in an Exhibit.

Yes No

7. Do documents, instruments, agreements or understandings for the pledge of stock of the transferee/assignee, as security for loans or contractual performance, provide that: (a) voting rights will remain with the applicant, even in the event of default on the obligation; (b) in the event of default, there will be either a private or public sale of the stock; and (c) prior to the exercise of any ownership rights by a purchaser at a sale described in (b), any prior consent of the FCC and/or of the franchising authority, if required pursuant to federal, state or local law or pursuant to the terms of the franchise agreement will be obtained?

If No, attach as an Exhibit a full explanation.

Yes No

SECTION III - TRANSFEREE'S/ASSIGNEE'S FINANCIAL QUALIFICATIONS

1. The transferee/assignee certifies that it has sufficient net liquid assets on hand or available from committed resources to consummate the transaction and operate the facilities for three months.

Yes No

2. Attach as an Exhibit the most recent financial statements, prepared in accordance with generally accepted accounting principles, including a balance sheet and income statement for at least one full year, for the transferee/assignee or parent entity that has been prepared in the ordinary course of business, if any such financial statements are routinely prepared. Such statements, if not otherwise publicly available, may be marked CONFIDENTIAL and will be maintained as confidential by the franchise authority and its agents to the extent permissible under local law.

See Exhibit 3

SECTION IV - TRANSFEREE'S/ASSIGNEE'S TECHNICAL QUALIFICATIONS

Set forth in an Exhibit a narrative account of the transferee's/assignee's technical qualifications, experience and expertise regarding cable television systems, including, but not limited to, summary information about appropriate management personnel that will be involved in the system's management and operations. The transferee/assignee may, but need not, list a representative sample of cable systems currently or formerly owned or operated.

See Exhibit 4

SECTION V - CERTIFICATIONS

PART 1 - Transferor/Assignor

All the statements made in the application and attached Exhibits are considered material representations, and all the Exhibits are a material part hereof and are incorporated herein as if set out in full in the application.

I CERTIFY that the statements in this application are true, complete and correct to the best of my knowledge and belief and are made in good faith.	Signature <i>Bonnie Blecha</i>
	Date June 18, 1999
WILLFUL FALSE STATEMENTS MADE ON THIS FORM ARE PUNISHABLE BY FINE AND/OR IMPRISONMENT. U.S. CODE, TITLE 18, SECTION 1001.	Print full name By: Bonnie Blecha Vice President of Time Warner Entertainment Co., L.P., a general partner of Transferor
	Check appropriate classification: <input type="checkbox"/> Individual <input type="checkbox"/> General Partner <input checked="" type="checkbox"/> Officer (Indicate Title) <input type="checkbox"/> Other. Explain: See Tab F

PART II - Transferee/Assignee

All the statements made in the application and attached Exhibits are considered material representations, and all the Exhibits are a material part hereof and are incorporated herein as if set out in full in the application.

The transferee/assignee certified that he/she:

- (a) Has a current copy of the FCC's Rules governing cable television systems.
- (b) Has a current copy of the franchise that is the subject of this application, and of any applicable state laws or local ordinances and related regulations.
- (c) Will use its best efforts to comply with the terms of the franchise and applicable state laws or local ordinances and related regulations, and to effect changes, as promptly as practicable, in the operation of the system, if any changes are necessary to cure any violations thereof or defaults thereunder presently in effect or ongoing.

I CERTIFY that the statements in this application are true, complete and correct to the best of my knowledge and belief and are made in good faith.	Signature <i>Jeffrey D. Elberson</i>
	Date June 18, 1999
WILLFUL FALSE STATEMENTS MADE ON THIS FORM ARE PUNISHABLE BY FINE AND/OR IMPRISONMENT. U.S. CODE, TITLE 18, SECTION 1001.	Print full name By: Jeffrey D. Elberson Executive Vice President
	Check appropriate classification: <input type="checkbox"/> Individual <input type="checkbox"/> General Partner <input checked="" type="checkbox"/> Officer (Indicate Title) <input type="checkbox"/> Other. Explain: See Tab F

Exhibit 1

See attached copy of the agreement among TWFranchise Co. and its partners pursuant to which the cable television system and Franchise will be transferred to Transferee.

**AMENDED AND RESTATED
MEMORANDUM OF AGREEMENT
AMONG THE PARTNERS OF TWFANCH-ONE CO.**

This Amended and Restated Memorandum of Agreement ("Memorandum") is entered into as of June 4, 1999, by the undersigned, being all of the partners (the "Partners") of TWFanch-one Co., a Delaware general partnership (the "Partnership"), and amends and restates that certain Memorandum of Agreement, dated May 21, 1999. The Partners and the Partnership intend to enter into and consummate a transaction by which the cable television systems and related assets described on Exhibit A hereto, and either the stock of ARH, Ltd. or that certain Stock Purchase Agreement (the "ARH Agreement") dated as of May 12, 1999 by and among The Mary Dunahay Irrevocable Trust, The Reed Harmon Irrevocable Trust, The Jill Diane Harmon Irrevocable Trust, The Holly Harmon Hutto Irrevocable Trust, The Beth Harmon Jackman Irrevocable Trust, ARH, Ltd. and the Partnership (collectively, the "Distributed Assets") will be distributed and/or sold to Fanch Cablevision of Indiana, L.P. ("FCILP") and Hornell Television Service, Inc. ("Hornell" and, together with FCILP, the "Fanch Partners") (a) in complete redemption and liquidation of their interests in the Partnership, and (b) for a promissory note (such distribution and/or sale, the "Distribution").

This Memorandum sets forth the agreement of the Partners and Partnership with respect to the principal terms and conditions of the Distribution. The Partners and Partnership intend to memorialize in a definitive agreement (the "Distribution Agreement"), to be negotiated in good faith and entered into as soon as commercially practicable but in any event on or before June 28, 1999, such terms and conditions together with such other terms and conditions relating to the Distribution as the parties shall agree. This Memorandum is intended to be binding on the Partners and Partnership with respect to the subject matter hereof, notwithstanding the parties' intention to enter into the Distribution Agreement.

The principal terms and conditions of the Distribution are as follows:

1. The Distribution shall occur on the date of satisfaction of all closing conditions contained in the Distribution Agreement, or on such later date as may be designated by the Fanch Partners but in no event later than May 31, 2000.
2. The Partners shall use their commercially reasonable efforts to cause to be obtained all third-party and governmental consents necessary to effect the Distribution and as necessary in connection with the cable television systems and related assets to be retained by the Partnership as listed on Exhibit B (the "Partnership Systems").

3. In connection with the Distribution, the Fanch Partners shall assume all of the indebtedness of the Partnership owed to a bank group (the "Bank Debt").
4. The value of the Distributed Assets to be distributed to the Fanch Partners shall be [REDACTED] and the value of the Distributed Assets to be sold to the Fanch Partners shall be [REDACTED] in each case subject to adjustment in the event the transactions contemplated by the ARH Agreement are not consummated prior to the Distribution. The portion of the purchase price for the Distributed Assets which are sold which is allocated to tangible personal property shall be equal to net tax basis of such property immediately prior to the sale. The Distributed Assets which are sold shall consist exclusively of one or more systems located in West Virginia, Ohio, Maryland and/or Delaware which were purchased by the Partnership after January 1, 1999, as identified in the Distribution Agreement. The sale contemplated by this Section 4 shall occur immediately before the distribution contemplated herein and the gain from both such sale and distribution shall be allocated 49.4997% to Time Warner Entertainment Company, L.P. (the "TWE Partner") and 50.5003% to the Fanch Partners for federal income tax purposes.
5. The Fanch Partners shall give limited representations and warranties to the TWE Partner with respect to those Partnership Systems that were managed prior to the Distribution by Fanch Communications, Inc. (the "Fanch Systems") and that are not part of the Distributed Assets. Such representations and warranties shall survive the closing of the Distribution for a period of six months. The Fanch Partners shall indemnify the TWE Partner for breaches of such representations and warranties; provided that the maximum amount for which the Fanch Partners shall be liable thereunder shall be \$ [REDACTED]
6. All costs and expenses relating to the Distribution and any subsequent disposition by the Fanch Partners of the Distributed Assets or equity interests in either or both Fanch Partners (a "Subsequent Transaction"), including any brokerage fees of Waller Capital, shall be borne by the Fanch Partners.
7. At closing of the Distribution, there will be a cash adjustment among the Partners to account for cash, accounts receivable, and other current assets and current liabilities of the Partnership (excluding Bank Debt), and for any subscriber shortfalls; provided, however, that the first \$ [REDACTED] (as adjusted upward or downward by 49.5% of (a) the amount by which the actual working capital (excluding Bank Debt from working capital) of the Partnership immediately prior to the closing varies from \$ [REDACTED], and (b) the amount by which (i) the actual Bank Debt assumed by the Fanch Partners varies from (ii) \$ [REDACTED], in each case subject to adjustment in the event the transactions contemplated by the ARH Agreement are not consummated

prior to the Distribution) held by the Partnership will remain with the Partnership.

8. The TWE Partner shall have the right to terminate this Memorandum or the Distribution Agreement in the event (a) the Federal Trade Commission or Department of Justice ("Agency") challenges the transaction contemplated hereby or thereby, or makes an additional filing or information request to the TWE Partner in connection with any Hart-Scott-Rodino (HSR) Act filing made in connection with the Distribution or the Subsequent Transaction, and (b) the TWE Partner determines after inquiry that the Agency will not allow the Distribution to proceed or that responding to such request will be unduly burdensome; provided that, in the case of such a request, the TWE Partner shall have used commercially reasonable efforts to modify such request so that it is not unduly burdensome, including good faith negotiations as to the scope and content of such request, and shall have determined that the request cannot be so modified.
9. The management agreements by which the TWE Partner and FCILP manage the Partnership Systems will be terminated at closing of the Distribution Agreement.
10. The Fanch Partners shall assume, discharge, pay and perform all obligations and liabilities relating to the Distributed Assets, regardless of when such obligations and liabilities arise or are incurred, and shall indemnify the Partnership and the TWE Partner against the same. Notwithstanding anything to the contrary herein, the TWE Partner shall reimburse the Fanch Partners for 49.4997% of all out-of-pocket costs and expenses incurred by the Fanch Partners and arising solely out of the assumption by the Fanch Partners of obligations and liabilities provided for in this Section 10 to the extent and only to the extent such obligations and liabilities arise or are incurred prior to the closing of the Distribution.
11. The TWE Partner shall assume, discharge, pay and perform all obligations and liabilities relating to all Partnership Systems, regardless of when such obligations and liabilities arise or are incurred, and shall indemnify the Fanch Partners against the same. Notwithstanding anything to the contrary herein, (a) the Fanch Partners shall reimburse the TWE Partner for 50.5003% of all out-of-pocket costs and expenses incurred by the TWE Partner and arising out of the assumption provided in this Section 11, up to a maximum of an amount determined by multiplying \$ times the number of equivalent basic subscribers served by the Partnership Systems as of December 31, 1999, and (b) the Fanch Partners will bear their Partnership percentage (as determined prior to the Distribution) share of all costs, obligations and liabilities arising under or relating to the TWE Partner's programming agreement with the Partnership for periods prior to the closing of the Distribution, provided that

the Fanch Partners' obligation under this Section 11(b) shall be limited to \$ [REDACTED] in the aggregate for the period ending on the first anniversary of the closing of the Distribution, and \$ [REDACTED] in the aggregate for the period between the first and second anniversaries of such closing. After the second anniversary of such closing, the Fanch Partners shall have no liability or obligation under this Section 11(b).

12. Pre-closing obligations and liabilities of the Partnership which do not relate to either the Partnership Systems nor the Distributed Assets shall be borne by all the Partners in proportion to their percentage interests in the Partnership as determined prior to the Distribution.

13. The Partners and the Partnership's obligations to consummate the Distribution shall be subject to customary conditions, including termination or expiration of the HSR Act waiting period, and receipt of (a) certain material, non-franchise related consents, if any, to be identified in the Distribution Agreement, and [REDACTED]

[REDACTED] . The TWE Partner's obligations to consummate the Distribution shall be subject to the approval of the Management Committee of the TWE Partner and the Board of Directors of Time Warner, Inc.

14. Each Partner, and the Partnership, shall be entitled, in addition to other rights and remedies available at law or in equity, to the remedy of specific performance of the obligations of each other party in the event of a breach or default by another party of its obligations hereunder or under the Distribution Agreement.

15. If the Distribution does not occur by May 31, 2000, the Distribution Agreement will be terminated and the rights of the Partners and the Partnership with respect to the dissolution of the Partnership will be governed by the First Amended and Restated Partnership Agreement of TWFanch-one Co. dated as of February 26, 1996.

16. This Memorandum shall be governed by and construed in accordance with New York law.

17. This Memorandum may be executed in any number of counterparts, each of which shall be deemed an original and all of which together shall be deemed to be one instrument.

IN WITNESS WHEREOF, the parties have executed this Memorandum on the date first written above.

**TIME WARNER ENTERTAINMENT
COMPANY, L.P., by its Time Warner
Cable Division**

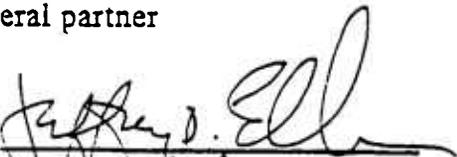
By: 
Title: Sr. Vice President

**TIME WARNER CABLE
HOLDINGS, INC.**

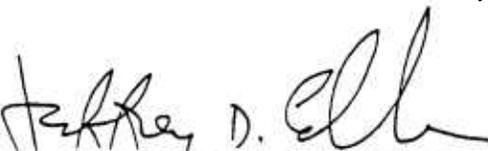
By: 
Title: Vice President

**FANCH CABLEVISION OF
INDIANA, L.P.,**

By: Fanch Management Partners, Inc.,
general partner

By: 
Title: EVP

**HORNELL TELEVISION SERVICE,
INC.**

By: 
Title: EVP

TWFANCH-ONE CO.

By: Time Warner Entertainment
Company, L.P., through its Time
Warner Cable Division, general partner

By: David E. Hughes
Title: Sr. Vice President

By: Time Warner Cable Holdings, Inc.,
general partner

By: David E. Hughes
Title: Vice President

By: Fanch Cablevision of Indiana,
L.P., general partner

By: Fanch Management Partners, Inc.
general partner

By: Jeffrey D. Ell
Title: EVP

By: Hornell Television Service, Inc.,
general partner

By: Jeffrey D. Ell
Title: EVP

TWFANCH-ONE CO.

Cost Center	Headend	Franchise
Beckley	Beckley, WV	Beckley
		Central Raleigh Co
		Lester
	Princeton, WV	Mabscott
		Mercer
		Summers Co
		Athens
		Matoaka
	Wytheville, VA	Mercer Co
		Princeton
	Logan, WV	Wythe
		Wytheville
		Blair
		Boone Co
		Chapmanville
		Logan City
		Logan Co (includes Man, Ottawa, Sharples-Clothier)
Man		
Mitchell Heights		
Parkersburg	Belington, WV	West Logan
		Wyoming Co
		Barbour Co
	St. Mary's, WV	Belington
		Junior
		Belmont
	Weston, WV	Pleasants Co
		St. Mary's
		Jane Lew
		Lewis Co
	Weston	

**EXHIBIT A TO MEMORANDUM OF AGREEMENT
 DISTRIBUTED SYSTEMS
 BY HEADEND.
 TWFANCH-ONE CO.**

Distributed to Fanch Cablevision of Indiana

<u>Cost Center</u>	<u>Headend</u>	<u>Franchise</u>
Altoona	Altoona	Allegheny Townshp Altoona City Antis Township Bellwood Borough Blair Township Bloomfield Township Duncansville Borough Frankstown Township Freedom Township Greenfield Township Hollidaysburg Borough Huston Township Juniata Township Kimmel Township Logan Township Martinsburg Borough N. Woodbury Township Newry Borough Pavia Township Roaring Spring Borough Taylor Township Tyrone Township
Bradford/Salamanca	Bradford, PA	Bradford City Bradford Township Foster Township LaFayette Township Lewis Run Borough
Clearfield	Clearfield, PA	Boggs Township Bradford Township Clearfield Borough Curwensville Borough Lawrence Township Pike Township
	Glen Richey, PA	Knox Township Pike Township

EXHIBIT A TO MEMORANDUM OF AGREEMENT
 DISTRIBUTED SYSTEMS
 BY HEADEND
 TWFANCH-ONE CO.

Distributed to Fanch Cablevision of Indiana . . . Continued

<u>Cost Center</u>	<u>Headend</u>	<u>Franchise</u>
Charleston/WV/KY	Pax, WV	Pax Pax Fayette Co Pax Raleigh Co
	Charleston/Shrewsbury, WV	Charleston Dunbar South Charleston Arnett/Montcoal Belle City Boone Co Cedar Grove Chesapeake Dixie Clay Co Dixie Fayette Co Dixie Nicholas Co East Bank Gauley Bridge Glasgow Handley Loudendale Marmet Montgomery Pratt Sylvester Whitesville
	Chattaroy/Mingo Cnty, WV	Mingo
	Hillsboro, WV	Pike Co Hillsboro
	Jodie, WV	Pocahontas Co Jodie Fayette Co Jodie Nicholas Co
	Lewisburg, WV	Greenbrier Lewisburg
	Alkol, WV	Lincoln County
	Paintsville, KY	Paintsville
Cumberland	Cumberland, MD	Allegany County, MD City of Cumberland, MD City of Romney, WV Hampshire County Mineral County Town of Carpendale, WV Town of Ridgeley, WV
	Paw Paw, WV	Town of Paw Paw, WV

**EXHIBIT A TO MEMORANDUM OF AGREEMENT
DISTRIBUTED SYSTEMS
BY HEADEND
TWFANCH-ONE CO.**

Distributed to Fanch Cablevision of Indiana . . . Continued

<u>Cost Center</u>	<u>Headend</u>	<u>Franchise</u>
Johnstown	Jownstown, PA	Benson Borough
		Brownstown Borough
		Conemaugh Twp (Cambria)
		Conemaugh Twp (Somerset)
		Daisytown Borough
		Dale Borough
		East Taylor Township
		Ferndale Borough
		Franklin Borough
		Geistown Borough
		Jackson Township
		Jenner Township
		Johnstown City
		Lorain Borough
		Lower Yoder Township
		Middle Taylor Township
		Paint Township
		Quemahoning Township
		Richland Township
		Southmont Borough
		Stonycreek Township
		Upper Yoder Township
		West Taylor Township
		Westmont Borough
		Buffalo Township
		Hartleton Borough
		Hartley Township
		Laureiton (Union County)
		Lewis Township
		Limestone Township
		Mifflinburg Borough
		West Buffalo Township
		Decatur Township
Derry Township		
Kansas	Atchison, KS	Atchison Buchanan County Lancaster Rushville
	Camden Point, MO	Camden Point
		Dearborn
Edgerton		
		Lewis & Clark

Distributed to Fanch Cablevision of Indiana . . . Continued

<u>Cost Center</u>	<u>Headend</u>	<u>Franchise</u>
--------------------	----------------	------------------

EXHIBIT A TO MEMORANDUM OF AGREEMENT
 DISTRIBUTED SYSTEMS
 BY HEADEND
 TWFANCH-ONE CO.

Indiana	Crawford County, IN	Crawford County Town of English Town of Marengo Town of Milltown Town of Eiberfeld Warrick County
	Eiberfeld, IN	Ferdinand Santa Claus Spencer County Town of Dale
	Ferdinand (Spencer Cnty)	City of Loogootee Daviess County Martin County
	Loogootee, IN	Lynnville Gibson County Oakland City
	Lynnville, IN Oakland City, IN	City of Petersburg Pike County Winslow
	Petersburg/Winslow, IN	French Lick Orange County Town of West Baden
	Springs Valley, IN	Ireland/Haysville Sunrise Village DuBois County
	Sunrise Vlg	City of Troy Vanderbergh County
	Troy	
Harmon	St. Albans, WV	St. Albans Nitro Putnam Co.
	Stamford, TX	Haskell Stamford
	Munday, TX	Munday
	Rule, TX	Rule

**EXHIBIT A TO MEMORANDUM OF AGREEMENT
DISTRIBUTED SYSTEMS
BY HEADEND
TWFANCH-ONE CO.**

Distributed to Fanch Cablevision of Indiana . . . Continued

Cost Center	Headend	Franchise
Louisiana	Ferriday, LA	Concordia Parish
		Ferriday
	Jonesville, LA	Ridgecrest
		Catahoula Parish
	Sicity Island, LA	Jonesville
		Sicity Island
		Basile
	Basile, LA	Bunkie
		Evergreen
	Bunkie, LA	Cameron
		Iota
	Cameron, LA	Iota
		Calcasieu
Iowa		
Iota, LA	Jefferson Davis	
	Merryville	
Iowa, LA	Allen Parish	
	Elizabeth	
Merryville, LA	Oakdale	
	Vernon Parish (Pitkin)	
Oakdale, LA	Pine Praire	
Maryland/Delaware	Middletown/Chesapeake City, DE	Cecil Co
		Chesapeake City/Elkton
		Delaware City
		Kent Co./Smyrna/Clayton
		Middletown
		New Castle/Port Penn
		Odessa
		St Georges
		Townsend
		Charlestown
	Perryville, MD	Perryville
		Port Deposit
Warren	Warren, PA	Conewango Township
		Glade Township
		Mead Township
		Pine Grove Township
		Pleasant Township
		Warren Borough

**EXHIBIT A TO MEMORANDUM OF AGREEMENT
DISTRIBUTED SYSTEMS
BY HEADEND
TWFANCH-ONE CO.**

Distributed to Fanch Cablevision of Indiana . . . Continued

<u>Cost Center</u>	<u>Headend</u>	<u>Franchise</u>
Michigan	Mio/Mentor Township, MI	Big Creek Township Comins Township Elmer Township Mentor Township
	Rose City, MI	Cumming Township Goodar Township Hill Township Plainfield Township Rose City Rose Township
	Highland Park, MI Oscoda/Ausable, MI	Highland Park Alabaster Township Alcona Township AuSable Township Baldwin Township Caldonia Township East Tawas Grant Township Greenbush Township Harrisville (City) Harrisville Township Hawes Township Lincoln Village Oscoda Township Ossineke Township Plainfield Township Tawas City Tawas Township Wilbur Township
Mississippi	Columbia, MS	Columbia
Parkersburg	Davis, WV	Davis Hambleton Hendricks Parsons Thomas Tucker/Davis Co Tucker/Parsons
	Gassaway, WV	Braxton Co Flatwoods Gassaway Sutton

Distributed to Fanch Cablevision of Indiana . . . Continued

<u>Cost Center</u>	<u>Headend</u>	<u>Franchise</u>
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**EXHIBIT A TO MEMORANDUM OF AGREEMENT
DISTRIBUTED SYSTEMS
BY HEADEND
TWFANCH-ONE CO.**

Parkersburg	Marietta, OH	Marietta Reno (Marietta Township) Wood Co	
	New Martinsville, WV	New Martinsville Paden Sistersville Tyler Co	
		Parkersburg, WV	Wetzel Co Belpre North Hills Parkersburg Vienna Williamstown Wood Co
			Sand Fork, WV
	Summersville, WV	Nicholas County Summersville	
	Webster Springs, WV	Addison Cowen Webster Springs (includes Cowen, Bergoo)	
East Texas	Centerville	Centerville	
	Emory/Point	Emory Point	
	Kosse	Kosse	
	Leona	Leona	
	Manor	Manor	
	Meridian	Meridian	
	Midway	Midway	
	Must Rge/Creedmore	Creedmore Mustang Ridge	
		Normangee	Normangee
	Oakwood	Oakwood	
	Rockwall	Rockwall	
	Valley Mills	Valley Mills	
	Wills Point/Edgewood	Edgewood Wills Point	
Virginia	Bowling Green	Bowling Green Caroline Co	
	Clarksville	Clarksville Kelly Mecklenburg	

Distributed to Fanch Cablevision of Indiana . . . Continued

Cost Center	Headend	Franchise
Virginia	Colonial Beach	Colonial Beach Westmoreland
	Farmville	Cumberland Co Farmville

EXHIBIT A TO MEMORANDUM OF AGREEMENT
 DISTRIBUTED SYSTEMS
 BY HEADEND
 TWFANCH-ONE CO.

	Kenbridge Keysville	Price Edward Co Kenbridge Charlotte Co Charlotte Courthouse Keysville Phenix
	Lawrenceville	Brunswick Co Lawrenceville
	Tappahannock	Essex Co Tappahannock
	Warsaw	Richmond Co Warsaw
West Texas	Aspermont Brownfield Coleman Colorado City	Aspermont Brownfield Coleman Colorado City Mitchell Co
	Ennis	Alma Ennis Garrett
	Levelland	Levelland Littlefield Morton
	Loraine O'Donnell Slaton Stanton	Loraine O'Donnell Slaton Martin Co Stanton
	Tahoka	Tahoka Wilson
Oklahoma	Adair Afton/Fairland	Adair Afton Fairland
	Agra Beggs Boynton Cameron	Agra Beggs Boynton Cameron

Distributed to Fanch Cablevision of Indiana . . . Continued

<u>Cost Center</u>	<u>Headend</u>	<u>Franchise</u>
Oklahoma	Carney	Carney
	Chelsea	Chelsea
	Chouteau	Chouteau
	Colcord	Colcord
	Cromwell	Cromwell
	Delaware/Lenapah	Delaware Lenapah
	Depew	Depew

EXHIBIT A TO MEMORANDUM OF AGREEMENT
DISTRIBUTED SYSTEMS
BY HEADEND
TWFANCH-ONE CO.

Dustin	Dustin
Fort Gibson	Fort Gibson
Gans	Gans
Glencoe	Glencoe
Gore/Webster Falls	Gore
	Webster Falls
Grand Lk/Monkey Is/Bernice	Bernice
Grove	Grove
	Grove Rural
Haileyville/Hartshorne	Haileyville
	Hartshorne
Hulbert	Hulbert
Inola	Inola
Kansas	Kansas
Kellyville	Kellyville
Keota	Keota
Ketchum/Langley/W Shore	Ketchum
	Langley
Langston/Coyle	Coyle
	Langston
Luther	Luther
Marland	Marland
Milburn	Milburn
Morris	Morris
Morrison	Morrison
Mounds	Mounds
Okay	Okay
Oologah	Oologah
Porter	Porter
Porum	Porum
Quinton/Kinta	Kinta
	Quinton
Raiston	Ralston

EXHIBIT A TO MEMORANDUM OF AGREEMENT
 DISTRIBUTED SYSTEMS
 BY HEADEND
 TWFANCH-ONE CO.

Distributed to Fanch Cablevision of Indiana . . . Continued

<u>Cost Center</u>	<u>Headend</u>	<u>Franchise</u>
Oklahoma	Salina/Locust Grove	Locust Grove
		Locust Grove Rural
	Savanna/Kiowa/McAlester	Salina
		Salina Rural
		Kiowa
		McAlester
		Savanna
		Schulter
		Sedan, KS
		Spavinaw
		Stilwell
		Strang
	Tryon	
	Verdigris	Verdigris
		Verdigris Area
		Vian
		Wagoner
	Westville/Watts	Welch
		Weleetka
		Watts
Wilberton/Red Oak	Westville	
	Red Oak	
Wyandotte	Wilburton	
	Wyandotte	

Distributed to Hornell Television Service, Inc.

<u>Cost Center</u>	<u>Headend</u>	<u>Franchise</u>
Bradford/Salamanca	Salamanca, NY	Great Valley Town
		Little Valley Town
		Little Valley Village
		Salamanca City
		Salamanca Town

EXHIBIT B TO MEMORANDUM OF AGREEMENT
 SYSTEMS RETAINED BY PARTNERSHIP
 BY FRANCHISE
 TWFANCH-ONE CO.

Cost Center	Headend	Franchise	State				
Hornell	Horneil	North Horneil Village	NY				
		Hornellsville Town	NY				
		Canisteo Village	NY				
		Hornell City	NY				
		Hartsville Town	NY				
		Dansville Town	NY				
		Canisteo Town	NY				
		Fremont Town	NY				
		Arkport Village	NY				
		Bowling Green	Bowling Green	Allen Twp	OH		
Bowling Green	OH						
Clay Center	OH						
Clay Twp	OH						
Custar	OH						
Elmore	OH						
Genoa	OH						
Harris Twp	OH						
Jerusalem Twp	OH						
Lake Twp	OH						
McClure	OH						
Millbury	OH						
Milton Center	OH						
Perrysburg Twp	OH						
Portage	OH						
Walbridge	OH						
Weston	OH						
Eau Claire	MI						
Galien	Galien			Eau Claire	MI		
				Galien Village	MI		
				Galien Twp	MI		
Gibsonburg	Gibsonburg			Bradner	OH		
				Gibsonburg	OH		
				Madison Twp	OH		
				Montgomery Twp	OH		
				Pemberville	OH		
				Wayne	OH		
				Woodville	OH		
				Green Twp / Penn Twp	IN		
				Lindsey	OH		
				Marshall	IN		
				Rising Sun	Rising Sun	Bettsville	OH
						Burgoon	OH
						Helena	OH
						Rising Sun	OH
West Milgrove	OH						

SECTION 2

CHARTER FCC FORM 394

**APPLICATION FOR FRANCHISE AUTHORITY CONSENT TO
ASSIGNMENT OR TRANSFER OF CONTROL OF CABLE
TELEVISION FRANCHISE**

A





INTRODUCTION

Charter Communications, Inc. ("Charter"), a Wired World Company, was founded in 1993 and has achieved customer growth that is twice the industry average. Headquartered in St. Louis, the company was ranked as the eighth fastest growing company in the country by Inc. Magazine on the 1998 Inc. 500 list. Charter was acquired by investor and Microsoft co-founder Paul G. Allen in late 1998 and acts as the management agent. Charter is currently the nation's seventh largest MSO.

After a series of simultaneous and near simultaneous restructurings, and upon your approval, Hornell Television Service, Inc. ("Hornell") will become the franchisee of your cable system.

Upon consummation of the Purchase Agreement, Charter Communications VI, LLC (CC-VI) a majority owned affiliate of Charter, will become the 100% owner of Hornell. Charter will act as manager of the franchisee.

Charter has announced pending transactions which upon closing will place Charter as the 4th largest MSO serving approximately 5.5 million subscribers. These acquisitions will allow Charter to reach its stated goal of serving 5 million customers, an achievement of critical mass. Charter's management team has been the industry leader in generating superior operating results while providing excellent customer service. We look forward to applying our expertise in your franchise area.

B



FCC 394

**APPLICATION FOR FRANCHISE AUTHORITY
CONSENT TO ASSIGNMENT OR TRANSFER OF CONTROL
OF CABLE TELEVISION FRANCHISE**

FOR FRANCHISE AUTHORITY USE ONLY

SECTION I. GENERAL INFORMATION

DATE June 23, 1999	1. Community Unit Identification Number: NY0316; NY0564; NY0565; NY0021; NY0371
-----------------------	--

2. Application for: Assignment of Franchise Transfer of Control

3. Franchising authority: New York State Public Service Commission	
4. Identify community where the system/franchise that is the subject of the assignment or transfer of control is located: Town of Great Valley; Town of Little Valley; Village of Little Valley; City of Salamanca; Town of Salamanca	
5. Date system was acquired or (for system's constructed by the transferor/assignor) the date on which service was provided to the first subscriber in the franchise area:	August 31, 1996
6. Proposed effective date of closing of the transaction assigning or transferring ownership of the system to transferee/assignee:	October 31, 1999

7. Attach as an Exhibit a schedule of any and all additional information or material filed with this application that is identified in the franchise as required to be provided to the franchising authority when requesting its approval of the type of transaction that is the subject of this application.

See Tab C

PART I - TRANSFEROR/ASSIGNOR

1. Indicate the name, mailing address, and telephone number of the transferor/assignor.

Legal name of Transferor/Assignor (if individual, list last name first) Fanch Cablevision of Indiana, L.P., as sole stockholder of Hornell Television Service, Inc. (sale of stock)			
Assumed name used for doing business (if any) CableComm			
Mailing street address or P.O. Box 1873 South Bellaire Street, Suite 1550			
City Denver	State CO	ZIP Code 80222	Telephone No. (include area code) 303-756-5600

2.(a) Attach as an Exhibit a copy of the contract or agreement that provides for the assignment or transfer of control (including any exhibits or schedules thereto necessary in order to understand the terms thereof). If there is only an oral agreement, reduce the terms to writing and attach. (Confidential trade, business, pricing, or marketing information, or other information not otherwise publicly available, may be redacted.)

See § 7

(b) Does the contract submitted in response to (a) above embody the full and complete agreement between the transferor/assignor and transferee/assignee?

Yes No

If No, explain in an Exhibit.

See Tab D

PART II - TRANSFEREE/ASSIGNEE

1.(a) Indicate the name, mailing address, and telephone number of the transferee/assignee

Legal name of Transferee/Assignee (if individual, list last name first) Charter Communications VI, LLC			
Assumed name used for doing business (if any) Charter Communications			
Mailing street address or P.O. Box 12444 Powerscourt Drive			
City St. Louis	State Missouri	ZIP Code 63131-3660	Telephone No. (include area code) 314-965-0555

(b) Indicate the name, mailing address, and telephone number of the person to contact, if other than the transferee/assignee.

Name of contact person (list last name first) See Tab E			
Firm or company name (if any)			
Mailing street address or P.O. Box			
City	State	ZIP Code	Telephone No. (include area code)

(c) Attach as an Exhibit the name, mailing address, and telephone number of each additional person who should be contacted, if any.

See Tab E

(d) Indicate the address where the system's records will be maintained.

Street address 12444 Powerscourt Drive			
City St. Louis	State MO	ZIP Code 63131	

2. Indicate on an attached Exhibit any plans to change the current terms and conditions of service and operations of the system as a consequence of the transaction for which approval is sought.

N/A

SECTION II. TRANSFEREE'S/ASSIGNEE'S LEGAL QUALIFICATIONS

1. Transferee/Assignee is:

Corporation

a. Jurisdiction of incorporation:	d. Name and address of registered agent in jurisdiction:
b. Date of incorporation:	
c. For profit or non-for-profit:	

Limited Partnership

a. Jurisdiction in which formed:	c. Name and address of registered agent in jurisdiction:
b. Date of formation:	

General Partnership

a. Jurisdiction whose laws govern formation:	b. Date of formation:
--	-----------------------

Individual

Other - Describe in an exhibit

See Tab F

2. List the transferee/assignee, and, if the transferee/assignee is not a natural person, each of its officers, directors, stockholders beneficially holding more than 5% of the outstanding voting shares, general partners, and limited partners holding an equity interest of more than 5%. Use only one column for each individual or entity. Attach additional pages if necessary. (Read carefully - the lettered items below refer to corresponding lines in the following table.)

- (a) Name, residence, occupation or principal business, and principal place of business. (If other than an individual, also show name, address and citizenship of natural person authorized to vote the voting securities of the applicant that it holds.) List the applicant first, officers next, then directors and, thereafter, remaining stockholders and/or partners.
- (b) Citizenship.
- (c) Relationship to the transferee/assignee (e.g., officer, director, etc.)
- (d) Number of shares or nature of partnership interest.
- (e) Number of votes.
- (f) Percentage of votes.

(a) See Tab G		

3. If the applicant is a corporation or a limited partnership, is the transferee/assignee formed under the laws of, or duly qualified to transact business in, the State or other jurisdiction in which the system operates?

Yes No

See §4

If the answer is No, explain in an Exhibit.

4. Has the transferee/assignee had any interest in or in connection with an application which has been dismissed or denied by any franchise authority?

Yes No

See Tab H

If the answer is Yes, describe circumstances in an Exhibit

5. Has an adverse finding been made or an adverse final action been taken by any court or administrative body with respect to the transferee/assignee in a civil, criminal or administrative proceeding, brought under the provisions of any law or regulation related to the following: any felony; revocation, suspension or involuntary transfer of any authority (including cable franchises) to provide video programming services; mass media related antitrust or unfair competition; fraudulent statements to another governmental unit; or employment discrimination?

Yes No

If the answer is Yes, attach as an Exhibit a full description of the persons and matter(s) involved, including an identification of any court or administrative body and any proceeding (by dates and file numbers, if applicable), and the disposition of such proceeding.

Exhibit No.: NA

6. Are there any documents, instruments, contracts or understandings relating to ownership or future ownership rights with respect to any attributable interest as described in Question 2 (including, but not limited to, non-voting stock interests, beneficial stock ownership interests, options, warrants, debentures)?

Yes No

Exhibit No.: NA

If Yes, provide particulars in an Exhibit.

7. Do documents, instruments, agreements or understandings for the pledge of stock of the transferee/assignee, as security for loans or contractual performance, provide that: (a) voting rights will remain with the applicant, even in the event of default on the obligation; (b) in the event of default, there will be either a private or public sale of the stock; and (c) prior to the exercise of any ownership rights by a purchaser at a sale described in (b), any prior consent of the FCC and/or of the franchising authority, if required pursuant to federal, state or local law or pursuant to the terms of the franchise agreement will be obtained?

Yes No

See Tab I

If No, attach as an Exhibit a full explanation.

SECTION III - TRANSFEREE'S/ASSIGNEE'S FINANCIAL QUALIFICATIONS

1. The transferee/assignee certifies that it has sufficient net liquid assets on hand or available from committed resources to consummate the transaction and operate the facilities for three months.

Yes No

2. Attach as an Exhibit the most recent financial statements, prepared in accordance with generally accepted accounting principles, including a balance sheet and income statement for at least one full year, for the transferee/assignee or parent entity that has been prepared in the ordinary course of business, if any such financial statements are routinely prepared.

Such statements, if not otherwise publicly available, may be marked CONFIDENTIAL and will be maintained as confidential by the franchise authority and its agents to the extent permissible under local law.

See § 5

SECTION IV - TRANSFEREE'S/ASSIGNEE'S TECHNICAL QUALIFICATIONS

Set forth in an Exhibit a narrative account of the transferee's/assignee's technical qualifications, experience and expertise regarding cable television systems, including, but not limited to, summary information about appropriate management personnel that will be involved in the system's management and operations. The transferee/assignee may, but need not, list a representative sample of cable systems currently or formerly owned or operated.

See § 6

SECTION V - CERTIFICATIONS

PART 1 - Transferor/Assignor

All the statements made in the application and attached Exhibits are considered material representations, and all the Exhibits are a material part hereof and incorporated herein as if set out in full in the application.

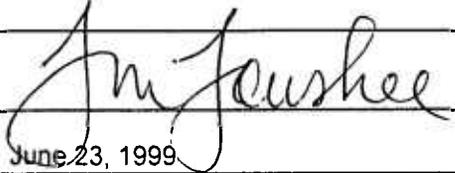
I CERTIFY that the statements in this application are true, complete and correct to the best of my knowledge and belief and are made in good faith.	Signature 
	Date June 23, 1999
WILLFUL FALSE STATEMENTS MADE ON THIS FORM ARE PUNISHABLE BY FINE AND/OR IMPRISONMENT. U.S. CODE, TITLE 18, SECTION 1001.	Print full name By: David L. Mayer
	Check appropriate classification: <input type="checkbox"/> Individual <input type="checkbox"/> General Partner <input checked="" type="checkbox"/> Officer (Indicate Title) Secretary of General partner <input type="checkbox"/> Other. Explain: See Tab F

PART II - Transferee/Assignee

All the statements made in the application and attached Exhibits are considered material representations, and all the Exhibits are a material part hereof and are incorporated herein as if set out in full in the application.

The transferee/assignee certified that he/she:

- (a) Has a current copy of the FCC's Rules governing cable television systems.
 - (b) Has a current copy of the franchise that is the subject of this application, and of any applicable state laws or local ordinances and related regulations.
- Will use its best efforts to comply with the terms of the franchise and applicable state laws or local ordinances and related regulations, and to effect changes, as promptly as practicable, in the operation of the system, if any changes are necessary to cure any violations thereof or defaults thereunder presently in effect or ongoing.

I CERTIFY that the statements in this application are true, complete and correct to the best of my knowledge and belief and are made in good faith.	Signature 
	Date June 23, 1999
WILLFUL FALSE STATEMENTS MADE ON THIS FORM ARE PUNISHABLE BY FINE AND/OR IMPRISONMENT. U.S. CODE, TITLE 18, SECTION 1001.	Print full name By: Trudi McCollum Foushee Vice President and Senior Counsel
	Check appropriate classification: <input type="checkbox"/> Individual <input type="checkbox"/> General Partner <input type="checkbox"/> Officer (Indicate Title) <input checked="" type="checkbox"/> Other. Explain: LLC Officer





STATEMENT REGARDING COMPLETENESS

All additional information of a material nature required to be filed with an application for franchise authority consent to assignment or transfer of control of the franchise, if any, is attached hereto and listed on the table of contents page. In all instances, the transferee will assume all current obligations of the existing franchise and continue to provide the level of service provided for therein. Further, neither the services currently provided nor the service area currently served by the franchisee will be changed or altered in any significant manner by this transaction.

D

D



STATEMENT REGARDING DISCLOSURES

The Purchase Agreement submitted as Section 7 to this application has been redacted. Confidential trade, business, pricing and/or marketing information not generally available and not necessary in order to understand the terms of this transaction have, pursuant to FCC rules and regulations, been omitted.

E





CONTACT PERSONS

Corporate

M. Celeste Vossmeier
Vice President – Government Relations
Charter Communications, Inc.
12444 Powerscourt Drive, Suite 100
St. Louis, Missouri 63131
636-543-2410
Facsimile: 636-965-6640

Eastern Division

Melvin Bryant, Eastern Division - Vice President Operations
William Barbour, Regional Operations Manager
883 N.E. Main Street
Simpsonville, South Carolina 29681
864-967-2730
Facsimile: 864-963-2389

Western Division

Tom Schaeffer, Sr. Vice President – Western Region
Joe Camicia, Vice President – Government Relations
2215 W. Mission Road
Alhambra, California 91803
626-537-6100
Facsimile: 626-537-6112

Chris Fenger, Vice President Operations
440 Science Drive
Suite 302
Madison, Wisconsin 53711
608-238-9690
Facsimile: 608-238-9881

Central Region

Gene Knoblauch, Senior Vice President – Operations
941 Charter Commons
Town & Country, Missouri 63017
314-207-7044
Facsimile: 314-207-7890

3





STATEMENT REGARDING LIMITED LIABILITY COMPANY

Charter Communications VI, LLC is organized as a limited liability company under the Delaware Limited Liability Company Act. A limited liability company is a distinct form of business entity formed under state law. It resembles a state-law corporation in that the owners of the limited liability company are shielded from personal liability for the debts, liabilities and obligations of the company in excess of the owner's investment in the company. Under Internal Revenue Service regulations, a limited liability company may qualify for Federal tax treatment as a partnership.

- Jurisdiction in which formed: Delaware
- Date of formation: May 25, 1999
- Registered agent: The Corporate Trust Company
Corporate /Trust Center
209 Orange Street
Wilmington, DE



CORPORATE TREE
 Supplement to
 FCC 394

Section II, Transferee's/Assignee's - Legal Qualifications
 2. (a) through (f)

HORNELL TELEVISION SERVICE, INC.		
(a)	Hornell Television Service, Inc.	Charter Communications VI, LLC
	Management & operation of cable television systems	Management & operation of cable television systems
	Jerry L. Kent - President, CEO & Director 12444 Powerscourt Drive, Ste 100 St. Louis, MO 63131 Barry L. Babcock - Vice Chairman 12444 Powerscourt Drive, Ste 100 St. Louis, MO 63131	Jerry L. Kent - President, CEO & Director 12444 Powerscourt Drive, Ste 100 St. Louis, MO 63131 Barry L. Babcock - Vice Chairman 12444 Powerscourt Drive, Ste 100 St. Louis, MO 63131
(b)	A New York corporation	A Delaware limited liability company
(c)	Franchisee	Transferee
(d)	N/A	N/A
(e)	N/A	N/A
(f)	N/A	100%

j:\Fanch\Tree-Hornell.doc

*Number may vary by plus or minus 35%, however, no individual will own 5% or more. A portion of this variance may be held by a publicly traded entity (to be formed) which will be controlled by Charter.



HORNELL TELEVISION SERVICE, INC. (Continued)			
(a)	Charter Communications VI, LLC	Charter Communications Holding Company, LLC	Charter Communications, Inc.
	Management & operation of cable television systems	Management & operation of cable television systems	Management & operation of cable television systems
	Jerry L. Kent - President, CEO & Director 12444 Powerscourt Drive, Ste 100 St. Louis, MO 63131 Barry L. Babcock - Vice Chairman 12444 Powerscourt Drive, Ste 100 St. Louis, MO 63131	Paul G. Allen - Director 110 110 th Street N.E., Ste 550 Bellevue, WA 98004 William Savoy - Director 110 110 th Street N.E., Ste 550 Bellevue, WA 98004 Jerry L. Kent - President, CEO & Director 12444 Powerscourt Drive, Ste 100 St. Louis, MO 63131 Barry L. Babcock - Vice Chairman 12444 Powerscourt Drive, Ste 100 St. Louis, MO 63131	Paul G. Allen - Director 110 110 th Street N.E., Ste 550 Bellevue, WA 98004 William Savoy - Director 110 110 th Street N.E., Ste 550 Bellevue, WA 98004 Jerry L. Kent - President, CEO & Director 12444 Powerscourt Drive, Ste 100 St. Louis, MO 63131 Barry L. Babcock - Vice Chairman 12444 Powerscourt Drive, Ste 100 St. Louis, MO 63131
(b)	A Delaware limited liability company	A Delaware limited liability company	A Delaware Corporation
(c)	100% owner of Franchisee	100% owner of Charter Communications VI, LLC	*100% owner of Charter Communications Holding Company, LLC; manager of franchisee
(d)	N/A	N/A	N/A
(e)	N/A	N/A	N/A
(f)	100%	100%	100%

j:\Fanch\Tree-Hornell.doc

*Number may vary by plus or minus 35%, however, no individual will own 5% or more. A portion of this variance may be held by a publicly traded entity (to be formed) which will be controlled by Charter.

H



STATEMENT REGARDING PRIOR TRANSFERS

While the assignee has had no interest in any application which has been dismissed or denied by any franchise authority, in the spirit of full and complete disclosure, please be advised as follows.

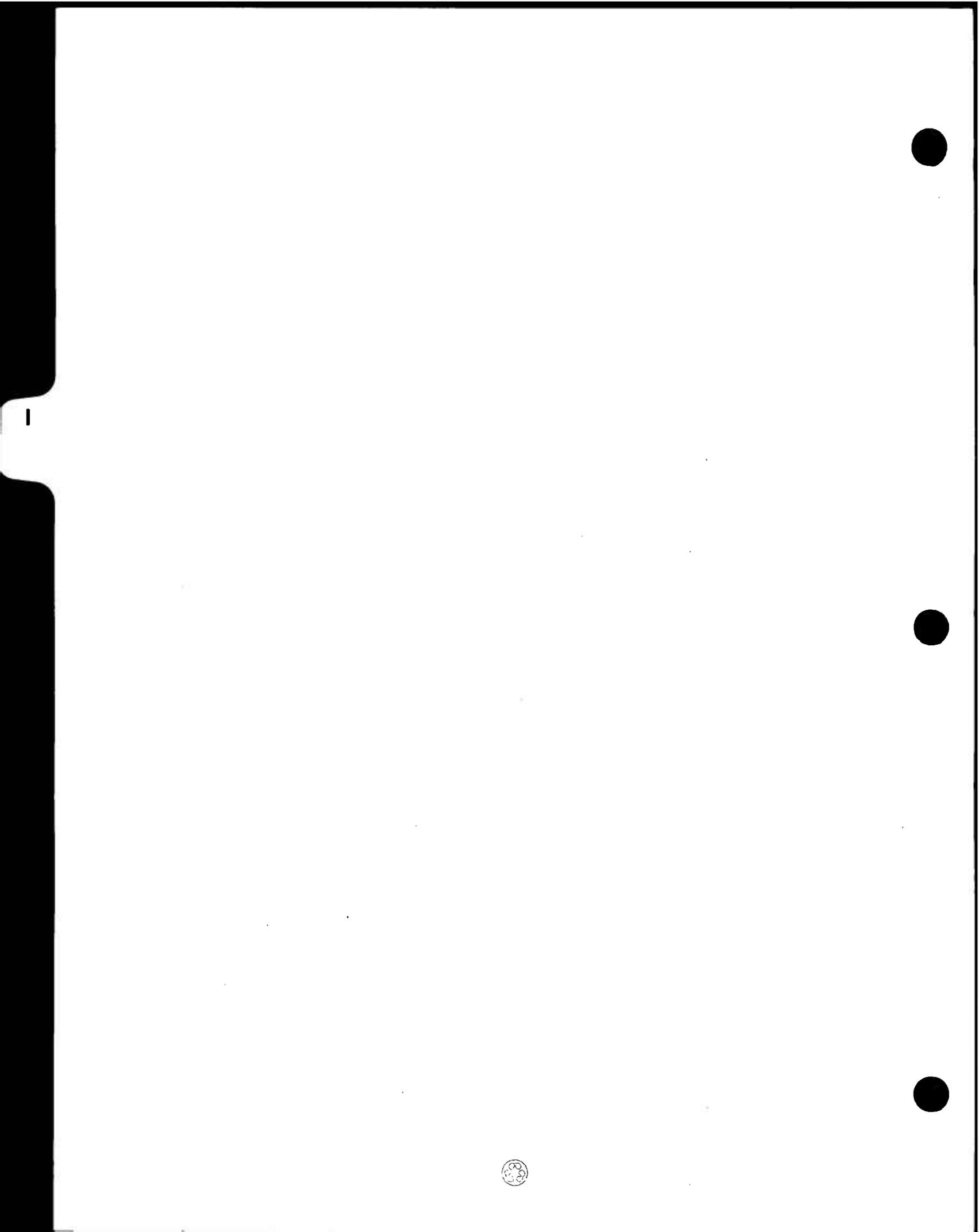
In August 1998 Charter Communications, Inc. ("Charter") applied to all franchise authorities requiring approval for a transfer of control or assignment of franchise to effectuate the purchase by Paul G. Allen of the majority interest in Charter and its affiliated entities. At the time of the application, Charter had 471 franchises in 19 states serving 1,192,000 subscribers.

The Cities of Azusa, Duarte, Irwindale, Signal Hill, West Covina, and Santa Cruz County, California undertook a joint review process, retaining mutual consultants and financial analyst. Charter Communications Entertainment II, LLC ("CCE II") is the franchisee for Azusa, Duarte, Irwindale and Signal Hill, while the Santa Cruz County franchise is held by Charter indirect, wholly-owned subsidiary Charter Communications Properties LLC ("CCP LLC"). Although represented by the same counsel, the Cities of Azusa and Duarte approved the transfer, while the Cities of Irwindale, Signal Hill, West Covina and the County of Santa Cruz denied based ostensibly on the notion that Paul Allen, co-founder of MicroSoft and the third wealthiest man in the United States was not technically or financially qualified to invest in Charter. As of the running of the 120 day period, 97% of the subscribers and 468 franchises had approved the transaction. Subsequent to the close of the transaction, agreements for the transfer of the West Covina and Signal Hill franchises are being negotiated and the Irwindale franchise has been transferred.

The County of Santa Cruz which serves 4500 subscribers and which had as recently as May 1998 entered into a 10 year franchise with Charter, remains outstanding.



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EXPLANATION REGARDING
THE PLEDGE OF STOCK

Transferee/Assignee is a privately held limited liability company which does not issue stock. The assets of Transferee/Assignee may be pledged to secure indebtedness from time to time.





SECTION 3

TRANSFER RESOLUTION

1





STATEMENT REGARDING FORM OF RESOLUTION

The form of Resolution attached to this submission provides for the approval of both the interim transfer or assignment requested by the Sellers and the final transfer or assignment requested by Buyer.

CONSENT AND APPROVAL
OF
LOCAL FRANCHISING AUTHORITY
TO
TRANSFER OF CONTROL OR TRANSFER
OF
CATV FRANCHISE

WHEREAS, TWFanch-one Co. ("Grantee") is the present holder of a franchise granted by the [LOCAL FRANCHISE AUTHORITY] ("Grantor") to own and operate a cable television system in [Municipality], as set forth in Ordinance/Resolution No. _____, dated _____, 19__ (the "Franchise"),

WHEREAS, Grantee has agreed to transfer the Franchise to one of its general partners, Hornell Television Service, Inc. ("Hornell") pursuant to an agreement among Grantee and its partners (the "TWF Agreement") ,

WHEREAS, Charter Communications VI, LLC ("Charter") has agreed to acquire all ownership interests in Fanch Cablevision of Indiana, L.P. ("FCILP"), which owns all of the stock of Hornell, pursuant to a Purchase Agreement dated May 21, 1999 (the "Purchase Agreement") among the partners of FCILP and certain affiliates of FCILP, and an affiliate of Charter, so that upon consummation of the Purchase Agreement Charter would be in control of Hornell;

WHEREAS, Grantee and Hornell filed an FCC Form 394 Application for Franchise Authority Consent to Assignment or Transfer of Control of Cable Television Franchise with Grantor on or about June 28, 1999 relating to the transfer from Grantee to Hornell; and

WHEREAS, Charter and Hornell filed an FCC Form 394 Application for Franchise Authority Consent to Assignment or Transfer of Control of Cable Television Franchise with Grantor on or about June 28, 1999 relating to the transfer of control of Hornell to Charter; and

WHEREAS, Grantor has duly conducted a thorough review and investigation into the legal, technical and financial qualifications of Hornell and Charter to own and operate the cable television system in light of the above-referenced FCC Forms 394; and

WHEREAS, all written comments and staff reports have been received, and made a part of the record; and

WHEREAS, following review and investigation, the Grantor has concluded that Hornell and Charter both have established the legal, technical and financial criteria to operate the cable television system and have satisfied all criteria set forth in

and/or under all applicable local, state and federal laws, rules and regulations, including FCC Form 394.

NOW, THEREFORE, BE IT RESOLVED, that the Grantor consents to the transactions contemplated by the TWF Agreement and the Purchase Agreement and further resolves as follows:

1. Grantor consents to the transfer to Hornell of the Franchise and the cable system serving Grantor effective upon the closing of the transactions contemplated by the TWF Agreement;
2. Grantor further consents to the transfer of control of Hornell to Charter effective upon the closing of the transactions contemplated by the Purchase Agreement;
3. Grantor confirms that (a) the Franchise is valid and outstanding and in full force and effect; (b) there have been no amendments or modifications to the Franchise, except as set forth herein; (c) Grantee is materially in compliance with the provisions of the Franchise; and (d) there are no defaults under the Franchise, or events which, with the giving of notice or passage of time or both, could constitute events of default thereunder.
4. Charter may (a) assign or transfer its assets, including the Franchise provided however, that such assignment or transfer is to a parent or subsidiary of Charter or another entity under direct or indirect control of Paul Allen; (b) restructure debt or change the ownership interests among existing equity participants in Charter, and/or its affiliates; (c) pledge or grant a security interest to any lender(s) of Charter's assets, including but not limited to the Franchise, or of interests in Charter, for purposes of securing an indebtedness, without obtaining prior consent of Grantor; (d) sell capital stock of Charter, or any of Charter's affiliate companies, in a transaction commonly known as an "initial public offering".
5. This Resolution shall take effect immediately.

ADOPTED AND APPROVED THIS ___ day of _____, 1999.

CITY/COUNTY/TOWN of [NAME]

By: _____

Name:

Title:

ATTEST:

City/County/Town Clerk



14.



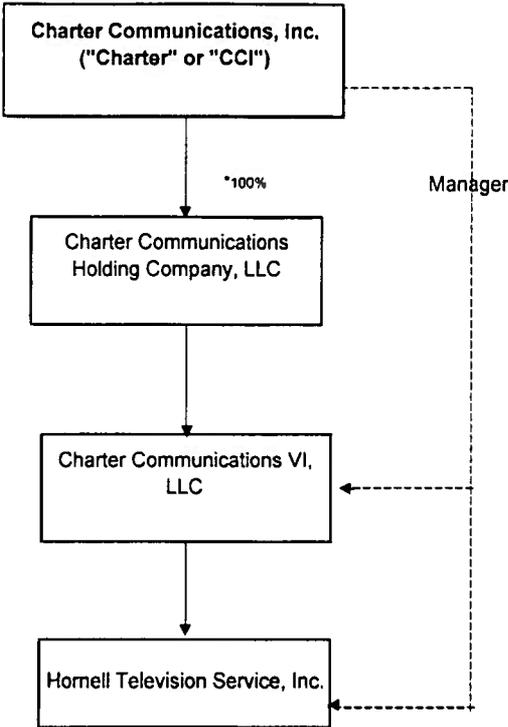
SECTION 4

LEGAL QUALIFICATIONS

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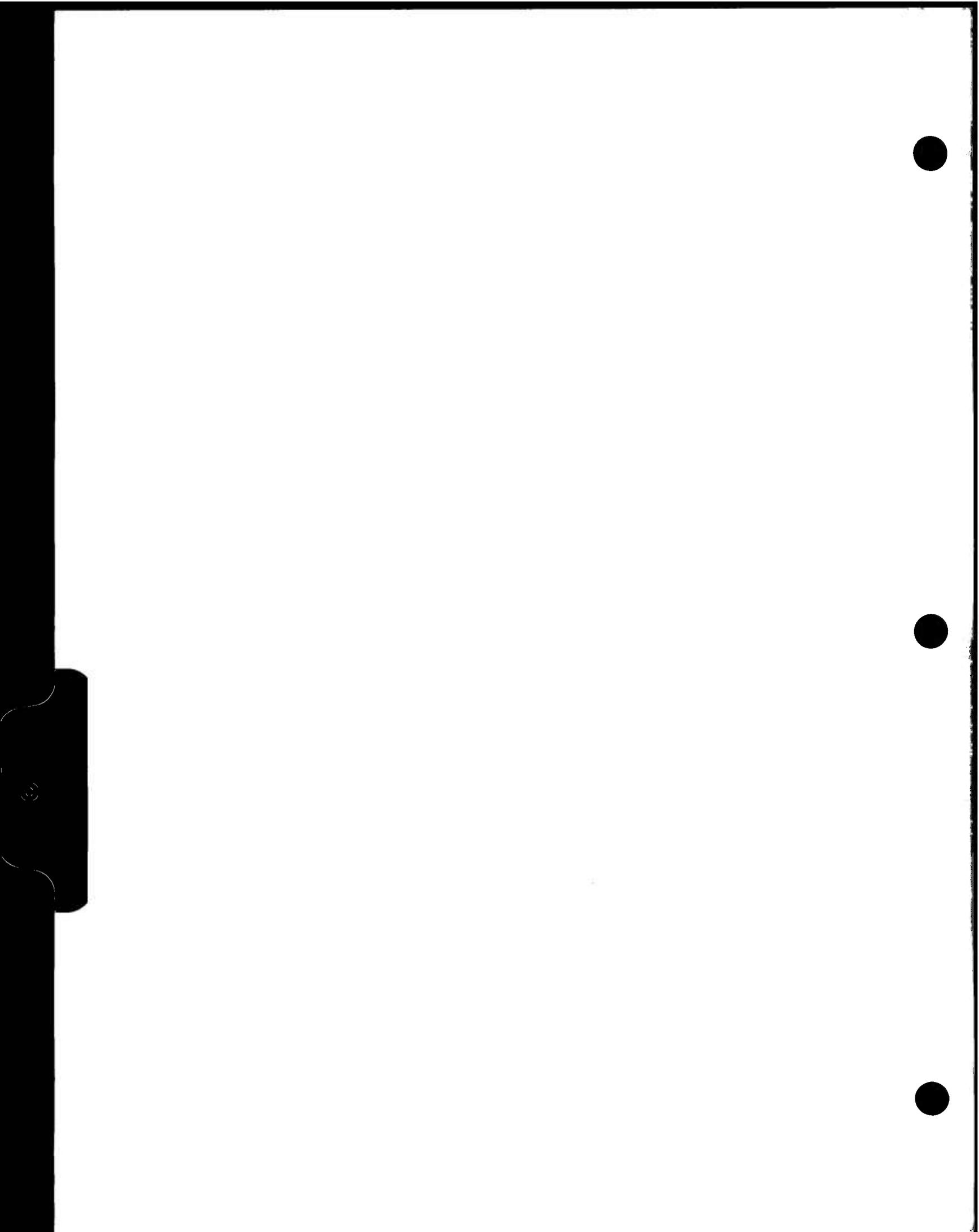
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CHARTER COMMUNICATIONS PROFORMA
FOR PENDING ACQUISITION(S)



All entities are incorporated or formed under the laws of the State of Delaware. All entities are qualified to transact business in the state or jurisdiction in which the system operates. Good Standing Certificates and/or any other information regarding incorporation is available upon request.

* This percentage may vary by plus or minus 35%, however, no individual will own 5% or more. A portion of this variance may be held by a publicly traded entity (to be formed) which will be controlled by Charter.



SECTION 5

FINANCIAL QUALIFICATIONS





STATEMENT REGARDING FINANCIALS

Charter Communications VI, LLC ("CC-VI") is a newly formed entity owned by Charter Communications Holding Company, LLC ("CCH-LLC"). CCH-LLC, also a newly formed entity, is directly owned by Charter Communications, Inc. ("Charter"). CCH-LLC will own directly or indirectly all cable properties controlled by Charter including owning 100% of Hornell Television Service, Inc. Prior to the formation of CCH-LLC, Charter Communications Holding, LLC ("Holdings") occupied the position as the direct subsidiary of Charter. As such, financial information for all subsidiaries was consolidated at Holdings.

Because 1998 is the last full year for which audited financials are available, we are providing herewith the financials for Holdings. At the close of the current fiscal year, financials will be consolidated at the holding company directly held by Charter at the close of the accounting period.

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CHARTER COMMUNICATIONS HOLDINGS, LLC
FINANCIAL STATEMENT

SECTION 6

TECHNICAL QUALIFICATIONS

CHARTER COMMUNICATIONS HOLDINGS, LLC

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REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To Charter Communications Holdings, LLC:

We have audited the accompanying consolidated balance sheets of Charter Communications Holdings, LLC and subsidiaries as of December 31, 1998 and 1997, and the related consolidated statements of operations and cash flows for the periods from December 24, 1998, through December 31, 1998, and January 1, 1998, through December 23, 1998, and for the years ended December 31, 1997 and 1996, and the related consolidated statement of shareholder's investment for the period from January 1, 1998, through December 23, 1998, and the years ended December 31, 1997 and 1996. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Charter Communications Holdings, LLC and subsidiaries as of December 31, 1998 and 1997, and the results of their operations and their cash flows for the periods from December 24, 1998, through December 31, 1998, and January 1, 1998, through December 23, 1998, and for the years ended December 31, 1997 and 1996, in conformity with generally accepted accounting principles.

ARTHUR ANDERSEN LLP

St. Louis, Missouri,

February 5, 1999

CHARTER COMMUNICATIONS HOLDINGS, LLC
CONSOLIDATED BALANCE SHEETS
(dollars in thousands)

<u>ASSETS</u>	<u>Successor</u> <u>December 31,</u> <u>1998</u>	<u>Predecessor</u> <u>December 31,</u> <u>1997</u>
CURRENT ASSETS:		
Cash and cash equivalents	\$ 9,573	\$ 626
Accounts receivable, net of allowance for doubtful accounts of \$1,728 and \$52, respectively	15,108	579
Prepaid expenses and other	<u>2,519</u>	<u>32</u>
Total current assets	<u>27,200</u>	<u>1,237</u>
INVESTMENT IN CABLE TELEVISION PROPERTIES:		
Property, plant and equipment	716,242	25,530
Franchises, net of accumulated amortization of \$5,253 and \$3,829, respectively	<u>3,590,054</u>	<u>28,195</u>
	<u>4,306,296</u>	<u>53,725</u>
OTHER ASSETS	<u>2,031</u>	<u>849</u>
	<u><u>\$4,335,527</u></u>	<u><u>\$55,811</u></u>
LIABILITIES, SHAREHOLDER'S INVESTMENT AND MEMBERS' EQUITY		
CURRENT LIABILITIES:		
Current maturities of long-term debt	\$ 10,450	\$ —
Accounts payable and accrued expenses	127,879	2,988
Payables to manager of cable television systems	<u>4,041</u>	<u>114</u>
Total current liabilities	<u>142,370</u>	<u>3,102</u>
DEFERRED REVENUE	<u>5,920</u>	<u>94</u>
LONG-TERM DEBT	<u>1,991,809</u>	<u>41,500</u>
NOTE PAYABLE TO RELATED PARTY, including accrued interest ..	<u>—</u>	<u>13,090</u>
DEFERRED MANAGEMENT FEES	<u>15,561</u>	<u>—</u>
OTHER LONG-TERM LIABILITIES	<u>32,488</u>	<u>—</u>
MEMBERS' EQUITY	<u>2,147,379</u>	<u>—</u>
	<u><u>\$4,335,527</u></u>	
SHAREHOLDER'S INVESTMENT:		
Common stock, \$.01 par value, 100 shares authorized, one issued and outstanding		—
Paid-in capital		5,900
Accumulated deficit		<u>(7,875)</u>
Total shareholder's investment		<u>(1,975)</u>
		<u><u>\$55,811</u></u>

The accompanying notes are an integral part of these consolidated statements.

CHARTER COMMUNICATIONS HOLDINGS, LLC
CONSOLIDATED STATEMENTS OF OPERATIONS
(dollars in thousands)

	<u>Successor</u>	<u>Predecessor</u>		
	<u>Period from December 24, 1998, through December 31, 1998</u>	<u>Period from January 1, 1998, through December 23, 1998</u>	<u>Year Ended December 31</u>	
			<u>1997</u>	<u>1996</u>
REVENUES	<u>\$13,713</u>	<u>\$ 49,731</u>	<u>\$18,867</u>	<u>\$14,881</u>
OPERATING EXPENSES:				
Operating costs	6,168	18,751	7,794	5,888
General and administrative	966	7,201	2,610	2,235
Depreciation and amortization	8,318	16,864	6,103	4,593
Management fees — related party	473	6,176	566	446
	<u>15,925</u>	<u>48,992</u>	<u>17,073</u>	<u>13,162</u>
Income (loss) from operations	<u>(2,212)</u>	<u>739</u>	<u>1,794</u>	<u>1,719</u>
OTHER INCOME (EXPENSE):				
Interest income	133	44	41	20
Interest expense	(2,353)	(17,277)	(5,120)	(4,415)
Other, net	—	(728)	(1,338)	(47)
	<u>(2,220)</u>	<u>(17,961)</u>	<u>(6,417)</u>	<u>(4,442)</u>
Net loss	<u><u>\$(4,432)</u></u>	<u><u>\$(17,222)</u></u>	<u><u>\$(4,623)</u></u>	<u><u>\$(2,723)</u></u>

The accompanying notes are an integral part of these consolidated statements.

CHARTER COMMUNICATIONS HOLDINGS, LLC
CONSOLIDATED STATEMENTS OF SHAREHOLDER'S INVESTMENT
FOR THE PERIOD ENDED DECEMBER 23, 1998, AND
THE YEARS ENDED DECEMBER 31, 1997 AND 1996
(dollars in thousands)

	<u>Common Stock</u>	<u>Paid-In Capital</u>	<u>Accumulated Partners</u>	<u>Total</u>
BALANCE, December 31, 1995	\$ —	\$ 1,500	\$ (529)	\$ 971
Capital contributions	—	4,400	—	4,400
Net loss	—	—	(2,723)	(2,723)
BALANCE, December 31, 1996	—	5,900	(3,252)	2,648
Net loss	—	—	(4,623)	(4,623)
BALANCE, December 31, 1997	—	5,900	(7,875)	(1,975)
Capital contributions	—	10,800	—	10,800
Net loss	—	—	(17,222)	(17,222)
BALANCE, December 23, 1998	<u>\$ —</u>	<u>\$16,700</u>	<u>\$(25,097)</u>	<u>\$ (8,397)</u>

The accompanying notes are an integral part of these consolidated statements.

CHARTER COMMUNICATIONS HOLDINGS, LLC
CONSOLIDATED STATEMENTS OF CASH FLOWS
(dollars in thousands)

	<u>Successor</u>	<u>Predecessor</u>		
	Period from December 24, 1996, through December 31, 1998	Period from January 1, 1996, through December 23, 1996	Year Ended December 31	
			<u>1997</u>	<u>1996</u>
CASH FLOWS FROM OPERATING ACTIVITIES:				
Net loss	\$ (4,432)	\$ (17,222)	\$ (4,623)	\$ (2,723)
Adjustments to reconcile net loss to net cash provided by operating activities —				
Depreciation and amortization	8,318	16,864	6,103	4,593
Loss on sale of cable television system	—	—	1,363	—
Amortization of debt issuance costs, debt discount and interest rate cap agreements	—	267	123	—
Loss on disposal of property, plant and equipment	—	(14)	130	—
Changes in assets and liabilities, net of effects from acquisitions —				
Receivables, net	(8,753)	10	(227)	6
Prepaid expenses and other	(211)	(125)	18	312
Accounts payable and accrued expenses	10,227	12,828	866	3,583
Payables to manager of cable television systems, including deferred management fees	473	5,288	(153)	160
Deferred revenue	22	99	28	32
Other operating activities	2,000	569	—	—
Net cash provided by operating activities	<u>7,644</u>	<u>18,564</u>	<u>3,628</u>	<u>5,963</u>
CASH FLOWS FROM INVESTING ACTIVITIES:				
Purchases of property, plant and equipment	(13,672)	(15,364)	(7,879)	(5,894)
Payments for acquisitions, net of cash acquired	—	(167,484)	—	(34,069)
Proceeds from sale of cable television system	—	—	12,528	—
Other investing activities	—	(486)	(1)	64
Net cash provided by (used in) investing activities	<u>(13,672)</u>	<u>(183,334)</u>	<u>4,648</u>	<u>(39,899)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:				
Borrowings of long-term debt	14,200	217,500	5,100	31,375
Repayments of long-term debt	—	(60,200)	(13,375)	(1,000)

CHARTER COMMUNICATIONS HOLDINGS, LLC
CONSOLIDATED STATEMENTS OF CASH FLOWS
(dollars in thousands)

	<u>Successor</u>	<u>Predecessor</u>		
	<u>Period from December 24, 1998, through December 31, 1998</u>	<u>Period from January 1, 1998, through December 23, 1998</u>	<u>Year Ended December 31</u>	
			<u>1997</u>	<u>1998</u>
Capital contributions	\$ —	\$ 7,000	\$ —	\$ 4,400
Payment of debt issuance costs	—	(3,487)	(12)	(638)
Net cash provided by (used in) financing activities	<u>14,200</u>	<u>160,813</u>	<u>(8,287)</u>	<u>34,137</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	8,172	(3,957)	(11)	201
CASH AND CASH EQUIVALENTS, beginning of period	<u>1,401</u>	<u>626</u>	<u>637</u>	<u>436</u>
CASH AND CASH EQUIVALENTS, end of period	<u>\$ 9,573</u>	<u>\$ (3,331)</u>	<u>\$ 626</u>	<u>\$ 637</u>
CASH PAID FOR INTEREST	<u>\$ 5,538</u>	<u>\$ 7,679</u>	<u>\$ 3,303</u>	<u>\$ 2,798</u>

The accompanying notes are an integral part of these consolidated statements.

CHARTER COMMUNICATIONS HOLDINGS, LLC
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 1998, 1997 AND 1996
(dollars in thousands)

1. Summary of Significant Accounting Policies:

Organization and Basis of Presentation

In February 1999, Charter Communications, Inc. (Charter) formed a wholly owned subsidiary, Charter Communications Holdings, LLC, a Delaware limited liability company (Charter Holdings), and plans to transfer all of its cable television operating subsidiaries to Charter Holdings in connection with the issuance of Senior Notes and Senior Discount Notes totaling \$3.0 billion. Charter Communications Properties Holding Corp. (CCP Holding), a wholly owned subsidiary of Charter, commenced operations in September 1995, with the acquisition of a cable television system. The contribution of CCP Holding to Charter Holdings will be accounted for as a reorganization under common control and, accordingly, the accompanying financial statements include the accounts of CCP Holding and its subsidiaries for periods prior to December 23, 1998.

Effective December 23, 1998, through a series of transactions, Paul G. Allen acquired approximately 94% of Charter for an aggregate purchase price, net of debt assumed, of \$2.2 billion (the "Paul Allen Transaction"). In conjunction with the Paul Allen Transaction, Charter acquired 100% of the outstanding equity interests of CharterComm Holdings, LLC (CharterComm Holdings) and CCA Group (comprised of CCA Holdings Corp., CCT Holdings Corp. and Charter Communications Long Beach Corp.), all cable television operating companies. Charter previously managed and owned minority interests in these companies. After December 23, 1998, the accompanying financial statements include the accounts of CCP Holding, CharterComm Holdings and CCA Group and their subsidiaries (Charter Holdings or the "Company") by virtue of their common ownership and management. All material intercompany transactions and balances have been eliminated. As of December 31, 1998, the Company provided cable television services to customers in 20 states in the U.S.

As a result of the change in ownership of CCP Holding (through Charter), CharterComm Holdings and CCA Group, the Company has applied push down accounting in the preparation of the accompanying financial statements effective December 23, 1998. Accordingly, the Company increased its members' equity by \$2.3 billion to reflect the amounts paid by Paul G. Allen and Charter. The purchase price was allocated to assets acquired and liabilities assumed based on their relative fair values. The excess of the purchase price over the amounts assigned to net tangible assets was \$2.3 billion and is included in franchises. The allocation of the purchase price is based, in part, on preliminary information which is subject to adjustment upon obtaining complete appraisal and valuation information.

As a result of the Paul Allen Transaction, application of push down accounting and the allocation of purchase price, the financial information of the Company in the accompanying financial statements and notes thereto as of December 31, 1998, and for the Successor Period (December 24, 1998, through December 31, 1998) is presented on a different cost basis than the financial information of the Company as of December 31, 1997, and for the Predecessor Periods (January 1, 1998, through December 23, 1998, and the years ended 1997 and 1996) and therefore, such information is not comparable.

In March 1999, the Company plans to acquire the cable operations of Marcus Cable Company, L.L.C. (Marcus). The acquisition will be accounted for as a reorganization under common control similar to a pooling of interests since Paul G. Allen purchased all of the outstanding partnership interests in Marcus in April 1998 and plans to purchase the remaining controlling interests in Marcus' ultimate general partner in March 1999. Beginning in October 1998, Charter managed the cable operations of Marcus.

CHARTER COMMUNICATIONS HOLDINGS, LLC
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

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 primarily of repurchase agreements. These investments are carried at cost that approximates market value.

Property, Plant and Equipment

Property, plant and equipment is recorded at cost, including all direct and certain indirect costs associated with the construction of cable television transmission and distribution facilities, and the cost of new customer installations. The costs of disconnecting a customer are charged to expense in the period incurred. Expenditures for repairs and maintenance are charged to expense as incurred, and equipment replacement and betterments are capitalized.

Depreciation is provided on the straight-line basis over the estimated useful lives of the related assets as follows:

Cable distribution systems	3-15 years
Buildings and leasehold improvements	5-15 years
Vehicles and equipment	3-5 years

Franchises

Costs incurred in obtaining and renewing cable franchises are deferred and amortized over the lives of the franchises. Costs relating to unsuccessful franchise applications are charged to expense when it is determined that the efforts to obtain the franchise will not be successful. Franchise rights acquired through the purchase of cable television systems represent the excess of the cost of properties acquired over the amounts assigned to net tangible assets at the date of acquisition and are amortized using the straight-line method over a period of up to 15 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, 1998 and 1997, no installation revenue has been deferred, as direct selling costs have exceeded installation revenue.

CHARTER COMMUNICATIONS HOLDINGS, LLC
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Fees collected from programmers to guarantee carriage are deferred and amortized to income over the life of the contracts. Local governmental authorities impose franchise fees on the Company ranging up to a federally mandated maximum of 5.0% of gross revenues. On a monthly basis, such fees are collected from the Company's customers and are periodically remitted to local franchises. Franchise fees collected and paid are reported as revenues.

Interest Rate Hedge Agreements

The Company manages fluctuations in interest rates by using interest rate hedge agreements, as required by certain debt agreements. Interest rate swaps, caps and collars are accounted for as hedges of debt obligations, and accordingly, the net settlement amounts are recorded as adjustments to interest expense in the period incurred. Premiums paid for interest rate caps are deferred, included in other assets, and are amortized over the original term of the interest rate agreement as an adjustment to interest expense.

The Company's interest rate swap agreements require the Company to pay a fixed rate and receive a floating rate thereby creating fixed rate debt. Interest rate caps and collars are entered into by the Company to reduce the impact of rising interest rates on floating rate debt.

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

Income Taxes

Prior to December 23, 1998, the Company filed a consolidated income tax return with Charter. Income taxes were allocated to the Company in accordance with the tax-sharing agreement between the Company and Charter. Effective December 31, 1998, the Company and all subsidiaries are limited liability companies or S corporations such that all income taxes are the responsibility of the equity members of Charter.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

2. Acquisitions:

In addition to the Paul Allen Transaction described in Note 1, the Company made the following acquisitions.

In 1998, the Company acquired cable television systems for an aggregate purchase price, net of cash acquired, of \$228,400, comprising \$167,500 in cash and \$60,900 in a note payable to Seller. The excess of cost of properties acquired over the amounts assigned to net tangible assets at the date of acquisition was \$207,600 and is included in franchises.

In 1996, the Company acquired cable television systems for an aggregate purchase price, net of cash acquired, of \$34,100. The excess of the cost of properties acquired over the amounts assigned to net tangible assets at the date of acquisition was \$24,300 and is included in franchises.

CHARTER COMMUNICATIONS HOLDINGS, LLC
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The above acquisitions were accounted for using the purchase method of accounting, and accordingly, results of operations of the acquired assets have been included in the financial statements from the dates of acquisition. The purchase prices were allocated to tangible and intangible assets based on estimated fair values at the acquisition dates.

Unaudited pro forma operating results as though the acquisitions discussed above, including the Paul Allen Transaction, had occurred on January 1, 1997, with adjustments to give effect to amortization of franchises, interest expense and certain other adjustments are as follows:

	<u>Predecessor</u>	
	Period from January 1, 1998, through December 23, 1998	Year Ended 1997
	(Unaudited)	(Unaudited)
Revenues	\$ 588,760	\$ 550,259
Income (loss) from operations	(92,014)	(129,009)
Net loss	(291,789)	(329,323)

The unaudited pro forma information has been presented for comparative purposes and does not purport to be indicative of the results of operations had these transactions been completed as of the assumed date or which may be obtained in the future.

3. Sale of Ft. Hood System:

In February 1997, the Company sold the net assets of the Ft. Hood system, which served customers in Texas, for an aggregate sales price of approximately \$12,500. The sale of the Ft. Hood system resulted in a loss of \$1,363, which is included in other, net in the accompanying statement of operations for the year ended December 31, 1997.

4. Members' Equity:

For the period from December 24, 1998, through December 31, 1998, members' equity consisted of the following:

Balance, December 24, 1998 (see Note 1)	\$2,151,811
Net loss	(4,432)
Balance, December 31, 1998	<u>\$2,147,379</u>

5. Property, Plant and Equipment:

Property, plant and equipment consists of the following at December 31:

	<u>1998 Successor</u>	<u>1997 Predecessor</u>
Cable distribution systems	\$661,749	\$29,061
Land, buildings and leasehold improvements	26,670	447
Vehicles and equipment	30,590	1,744
	<u>719,009</u>	<u>31,252</u>
Less — Accumulated depreciation	(2,767)	(5,722)
	<u>\$716,242</u>	<u>\$25,530</u>

CHARTER COMMUNICATIONS HOLDINGS, LLC
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

For the period from January 1, 1998, through December 23, 1998, and the period from December 24, 1998, through December 31, 1998, depreciation expense was \$6,249 and \$2,767, respectively. Depreciation expense for 1997 and 1996 was \$3,898 and \$2,371, respectively.

6. Accounts Payable and Accrued Expenses:

Accounts payable and accrued expenses consist of the following at December 31:

	<u>1998 Successor</u>	<u>1997 Predecessor</u>
Accrued interest	\$ 30,809	\$ 292
Capital expenditures	15,560	562
Accrued income taxes	15,205	—
Franchise fees	12,534	426
Programming costs	11,856	398
Accounts payable	7,439	298
Other	34,476	1,012
	<u>\$127,879</u>	<u>\$2,988</u>

7. Long-Term Debt:

Long-term debt consists of the following at December 31:

	<u>1998 Successor</u>	<u>1997 Predecessor</u>
CCP Credit Agreement	\$ 204,500	\$41,500
CharterComm Holdings:		
CC-I, CC-II Combined Credit Agreement	497,800	—
Senior Secured Discount Debentures	109,152	—
11¼% Senior Notes	125,000	—
CCA Group:		
CCE-I Credit Agreement	467,000	—
CCE-II Combined Credit Agreement	332,253	—
CCE Credit Agreement	130,000	—
CCE-II Holdings Credit Agreement	95,000	—
	1,960,705	41,500
Less:		
Current maturities	(10,450)	—
Unamortized net premium	41,554	—
	<u>\$1,991,809</u>	<u>\$41,500</u>

In March 1999, concurrent with the issuance of Senior Notes and Senior Discount Notes and the acquisition of Marcus (see Note 1), the Company plans to extinguish all long-term debt of the Company and Marcus, excluding borrowings of the Company and Marcus under their respective credit agreements, and refinance all existing credit agreements at various subsidiaries of the Company and Marcus with a new credit agreement entered into by a wholly owned subsidiary of Charter Holdings.

CHARTER COMMUNICATIONS HOLDINGS, LLC
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

CCP Credit Agreement

In May 1998, Charter Communications Properties, LLC (CCP), a subsidiary, entered into a credit agreement (the "CCP Credit Agreement"), which provides for two term loan facilities, one with the principal amount of \$60,000 that matures on June 30, 2006, and the other with the principal amount of \$80,000 that matures on June 30, 2007. The CCP Credit Agreement also provides for a \$90,000 revolving credit facility, with a maturity date of June 30, 2006. Amounts under the CCP Credit Agreement bear interest at the LIBOR Rate or Base Rate, as defined, plus a margin of up to 2.88%. The variable interest rates ranged from 7.44% to 8.19% at December 31, 1998.

Commencing March 31, 1999, and at the end of each quarter thereafter, available borrowings under the revolving credit facility shall be reduced on an annual basis by 3.5% in 1999, 7.0% in 2000, 9.0% in 2001, 10.5% in 2002, and 16.5% in 2003. Commencing March 31, 2000, and at the end of each quarter thereafter, available borrowings under the term loan shall be reduced on an annual basis by 6.0% in 2000, 8.0% in 2001, 11.0% in 2002 and 16.5% in 2003. Commencing March 31, 2000, and at the end of each quarter thereafter, available borrowings under the other term loan shall be reduced on an annual basis by 1.0% in 2000, 1.0% in 2001, 1.0% in 2002 and 1.0% in 2003.

CC-I, CC-II Combined Credit Agreement

In 1998, Charter Communications, LLC (CC-I) and Charter Communications II, LLC (CC-II) (the "Borrowers"), indirect subsidiaries of CharterComm Holdings, 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 31, 1998.

Commencing March 31, 2002, and 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.

CharterComm Holdings — Senior Secured Discount Debentures

In March 1996, a subsidiary of CharterComm Holdings, issued \$146,820 of Senior Secured Discount Debentures (the "Debentures") for proceeds of \$75,000. The Debentures are effectively subordinated to the claims and creditors of CharterComm Holdings' subsidiaries, including the lenders under the Combined Credit Agreement. The Debentures are redeemable at the Company's option at amounts decreasing from 107% to 100% of principal, plus accrued and unpaid interest to the redemption date, beginning on March 15, 2001. The issuer is required to make an offer to purchase all of the Debentures, at a purchase price equal to 101% of the principal amount, together with accrued and unpaid interest, upon a Change in Control, as defined in the Debentures Indenture. No interest is payable on the Debentures prior to March 15, 2001. Thereafter, interest on the Debentures is payable semiannually in arrears beginning September 15, 2001, until maturity on March 15, 2007.

CHARTER COMMUNICATIONS HOLDINGS, LLC
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

CharterComm Holdings — 11¼% Senior Notes

In March 1996, a subsidiary of CharterComm Holdings issued \$125,000 aggregate principal amount of 11¼% Senior Notes (the "Notes"). The Notes are effectively subordinated to the claims of creditors of CharterComm Holdings' subsidiaries, including the lenders under the Combined Credit Agreements. The Notes are redeemable at the Company's 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 issuer is 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.

The Debentures and Notes require their respective issuers to comply with various financial and nonfinancial covenants and restrictions, including limitations on additional indebtedness, restricted payments, transactions with affiliates, liens, dividends and certain other items.

As of December 24, 1998, the Debenture and Notes were recorded at their estimated fair values resulting in an increase in the carrying values of the debt and an unamortized net premium of \$3,886 as of December 31, 1998. The premium will be amortized to interest expense over the estimated remaining lives of the debt using the interest method.

CCE-I Credit Agreement

Charter Communications Entertainment I LLC (CCE-I), a subsidiary of CCA Group, maintains a credit agreement (the "CCE-I Credit Agreement"), which provides for a \$280,000 term loan that matures on September 30, 2006, and \$85,000 fund loan that matures on March 31, 2007, and a \$175,000 revolving credit facility with a maturity date of September 30, 2006. Amounts under the CCE-I Credit Agreement bear interest at either the LIBOR Rate or Base Rate, as defined, plus a margin of up to 2.75%. The variable interest rates ranged from 6.88% to 8.06% at December 31, 1998.

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.

CCE-II Combined Credit Agreement

Charter Communications Entertainment II, LLC (CCE-II) and Long Beach LLC, subsidiaries of CCA Group, maintain a credit agreement (the "CCE-II Combined Credit Agreement") which provides for two term loan facilities, one with the principal amount of \$100,000 that matures on March 31, 2005, and the other with the principal amount of \$90,000 that matures on March 31, 2006. The CCE-II Combined Credit Agreement also provides for a \$185,000 revolving credit facility, with a maturity date of March 31, 2005. Amounts under the CCE-II Combined Credit Agreement bear interest at either the LIBOR Rate or Base Rate, as defined, plus a margin of up to 2.5%. The variable rates ranged from 6.56% to 7.59% at December 31, 1998.

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 term loan shall be reduced on annual basis by

CHARTER COMMUNICATIONS HOLDINGS, LLC
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

0.5% in 1999, 0.8% in 2001, 1.0% in 2000, 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.

CCE Credit Agreement

In October 1998, Charter Communications Entertainment, LLC (CCE), a subsidiary of CCA Group, entered into a credit agreement (the "CCE Credit Agreement") which provides for a term loan facility with the principal amount of \$130,000 that matures on September 30, 2007. Amounts under the CCE Credit Agreement bears interest at the LIBOR Rate or Base Rate, as defined, plus a margin of up to 3.25%. The variable interest rate at December 31, 1998, was 8.62%

Commencing June 30, 2002, and at the end of each calendar quarter thereafter, the available borrowings for the \$130,000 term loan shall be reduced on an annual basis by .75% in 2002 and 1.0% in 2003.

CCE-II Holdings Credit Agreement

In November 1998, CCE-II Holdings, LLC (CCE-II Holdings), a subsidiary of the CCA Group, 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 31, 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.

Based upon outstanding indebtedness at December 31, 1998, and the amortization of term loans and scheduled reductions in available borrowings of the revolving credit facilities detailed in the debt agreements, aggregate future principal payments on the total borrowings under both credit agreements at December 31, 1998, are as follows:

<u>Year</u>	<u>Amount</u>
1999	\$ 10,450
2000	21,495
2001	42,700
2002	113,588
2003	157,250
Thereafter	<u>1,652,890</u>
	<u>\$1,998,373</u>

8. Note Payable to Related Party:

As of December 31, 1997, CCP Holding held a promissory note payable to CCT Holdings Corp. The promissory note bears interest at the rates paid by CCT Holdings Corp. on a note payable to a

CHARTER COMMUNICATIONS HOLDINGS, LLC
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

third party. Principal and interest are due on September 29, 2005. The note payable eliminates in combination as of December 31, 1998.

9. Fair Value of Financial Instruments:

A summary of debt and the related interest rate hedge agreements at December 31, 1998 and 1997, is as follows:

	<u>1998 Successor</u>		
	<u>Carrying Value</u>	<u>Notional Amount</u>	<u>Fair Value</u>
Debt			
CCP Credit Agreement	\$204,500	\$ —	\$204,500
CharterComm Holdings:			
CC-I, CC-II Combined Credit Agreements	497,800	—	497,800
Senior Secured Discount Debentures	138,102	—	138,102
11¼% Senior Notes	137,604	—	137,604
CCA Group:			
CCE-I Credit Agreement	467,000	—	467,000
CCE-II Combined Credit Agreement	332,253	—	332,253
CCE Credit Agreement	130,000	—	130,000
CCE-II Holdings Credit Agreement	95,000	—	95,000
Interest Rate Hedge Agreements			
Swaps	(23,216)	1,105,000	(23,216)
Caps	—	15,000	—
Collars	(4,174)	330,000	(4,174)
	<u>1997 Predecessor</u>		
	<u>Carrying Value</u>	<u>Notional Amount</u>	<u>Fair Value</u>
Debt			
CCP Credit Agreement	\$41,500	\$ —	\$41,500
Interest Rate Hedge Agreements			
Caps	—	15,000	—
Collars	—	20,000	(74)

As the long-term debt under the credit agreements bear interest at current market rates, their carrying amount approximates market value at December 31, 1998 and 1997. The fair values of the Notes and Debentures are based on estimated redemption prices.

The weighted average interest pay rate for the Company's interest rate swap agreements was 7.56% at December 31, 1998. The weighted average interest rate for the Company's interest rate cap agreements was 8.45% at December 31, 1998. The weighted average interest rates for the Company's interest rate collar agreements were 8.61% and 7.31% for the cap and floor components, respectively, at December 31, 1998.

The notional amounts of interest rate hedge agreements do not represent amounts exchanged by the parties and, thus, are not a measure of the Company's exposure through its use of interest rate hedge agreements. The amounts exchanged are determined by reference to the notional amount and the other terms of the contracts.

CHARTER COMMUNICATIONS HOLDINGS, LLC
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

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 combined financial position or results of operations.

10. Income Taxes:

The book value of the Company's net assets exceeds its tax reporting basis by \$320,749 as of December 31, 1998. At December 31, 1997, the Company had net operating loss carryforwards of \$9,594, which if not used to reduce taxable income in future periods, expire in the years 2010 through 2012. As of December 31, 1997, the Company's deferred income tax assets were offset by valuation allowances and deferred income tax liabilities resulting primarily from differences in accounting for depreciation and amortization. In December 1998, the Company and all of its subsidiaries became limited liability companies and accordingly all deferred income tax assets and liabilities were eliminated.

11. Related Party Transactions:

Charter provides management services to the Company under the terms of contracts which provide for fees from 3% to 5% of revenues or a flat fee plus an additional fee equal to 30% of the excess, if any, of operating cash flows (as defined in the management agreement). The debt agreements prohibit payment of a portion of such management fees until repayment in full of the outstanding indebtedness. Expenses recognized under the contracts for the period from January 1, 1998, through December 23, 1998, and the period December 24, 1998, through December 31, 1998, were \$6,176 and \$473, respectively. Expenses recognized under the contracts during 1997 and 1996 were \$566 and \$446, respectively. Management fees currently payable of \$4,041 and \$114 are included in payables to manager of cable television systems at December 31, 1998 and 1997, respectively.

The Company utilizes a combination of insurance coverage and self-insurance programs for medical, dental and workers' compensation claims. The Company is allocated 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, and the period December 24, 1998, through December 31, 1998, the Company expensed \$381 and \$93, respectively, relating to insurance allocations. During 1997 and 1996, the Company expensed \$172 and \$108, respectively, relating to insurance allocations.

The Company 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 Company 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 Company. For the period from January 1, 1998, through December 23, 1998, and the period December 24, 1998,

CHARTER COMMUNICATIONS HOLDINGS, LLC
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

through December 31, 1998, the Company expensed \$56 and \$35, respectively, relating to these services. During 1997 and 1996, the Company expensed \$48 and \$23, respectively, relating to these services.

The entities managed by Charter maintain regional offices. The regional offices perform certain operational services. 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 Company. For the period from January 1, 1998, through December 23, 1998, and the period December 24, 1998, through December 31, 1998, the Company expensed \$395 and \$94, respectively, relating to these services. During 1997 and 1996, the Company expensed \$231 and \$202, respectively, relating to these services.

12. 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 the period December 24, 1998, through December 31, 1998, was \$3,142 and \$70, respectively. Rent expense incurred under leases during 1997 and 1996 was \$130 and \$91, respectively. Future minimum lease payments are as follows:

1999	\$2,843
2000	2,034
2001	1,601
2002	626
2003	366
Thereafter	1,698

The Company also rents utility poles in its operations. Generally, pole rentals are cancelable on short notice, but the Company anticipates that such rentals will recur. Rent expense incurred for pole rental attachments for the period from January 1, 1998, through December 23, 1998, and the period December 24, 1998, through December 31, 1998, was \$421 and \$137, respectively. Rent expense incurred for pole attachments during 1997 and 1996 was \$271 and \$174, respectively.

Litigation

The Company is a party to lawsuits that arose in the ordinary course of conducting its business. In the opinion of management, after consulting with legal counsel, the outcome of these lawsuits will not have a material adverse effect on the Company's 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 regula-

CHARTER COMMUNICATIONS HOLDINGS, LLC
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

tions continue to change, and the Company cannot predict the impact of future developments on the cable television industry.

The 1992 Cable Act and the FCC's rules implementing that act generally have increased the administrative and operational expenses of cable television systems and have resulted in additional regulatory oversight by the FCC and local or state franchise authorities. The Cable Acts and the corresponding FCC regulations have established rate regulations.

The 1992 Cable Act permits certified local franchising authorities to order refunds of basic service tier rates paid in the previous twelve-month period determined to be in excess of the maximum permitted rates. As of December 31, 1998, the amount refunded by the Company has been insignificant. The Company may be required to refund additional amounts in the future.

The Company believes that it has complied in all material respects with the provisions of the 1992 Cable Act, including the rate setting provisions promulgated by the FCC. However, in jurisdictions that have chosen not to certify, refunds covering the previous twelve-month period may be ordered upon certification if the Company is unable to justify its basic rates. The Company is unable to estimate at this time the amount of refunds, if any, that may be payable by the Company in the event certain of its rates are successfully challenged by franchising authorities or found to be unreasonable by the FCC. The Company does not believe that the amount of any such refunds would have a material adverse effect on the financial position or results of operations of the Company.

The 1996 Telecom Act, among other things, immediately deregulated the rates for certain small cable operators and in certain limited circumstances rates on the basic service tier, and as of March 31, 1999, deregulates rates on the cable programming service tier (CPST). The FCC is currently developing permanent regulations to implement the rate deregulation provisions of the 1996 Telecom Act. The Company cannot predict the ultimate effect of the 1996 Telecom Act on the Company's financial position or results of operations.

The FCC may further restrict the ability of cable television operators to implement rate increases or the United States Congress may enact legislation that could delay or suspend the scheduled March 1999 termination of CPST rate regulation. This continued rate regulation, if adopted, could limit the rates charged by the Company.

A number of states subject cable television systems to the jurisdiction of centralized state governmental agencies, some of which impose regulation of a character similar to that of a public utility. State governmental agencies are required to follow FCC rules when prescribing rate regulation, and thus, state regulation of cable television rates is not allowed to be more restrictive than the federal or local regulation. The Company is subject to state regulation in Connecticut.

13. Employee Benefit Plan:

401(k) Plan

The Company's employees may participate in the Charter Communications, Inc. 401(k) Plan (the "401(k) Plan"). Employees that qualify for participation can contribute up to 15% of their salary, on a before tax basis, subject to a maximum contribution limit as determined by the Internal Revenue Service. The Company contributes an amount equal to 50% of the first 5% of contributions by each employee.

The Company contributed \$74 and \$20 for the period from January 1, 1998, through December 23, 1998, and the period from December 24, 1998, through December 31, 1998, respectively. For the years ended December 31, 1997 and 1996, the Company contributed \$29 and \$22, respectively.

CHARTER COMMUNICATIONS HOLDINGS, LLC
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Appreciation Rights Plan

Certain employees of Charter participate in the 1995 Charter Communications, Inc. Appreciation Rights Plan (the "Plan"). As a result of the acquisition of Charter by Paul G. Allen, the plan will be terminated and all amounts will be paid by Charter in 1999. The cost of this plan was allocated to the Company based on the number of basic customers. Management considers this allocation to be reasonable for the operations of the Company. For the period January 1, 1998, through December 23, 1998, the Company expensed \$3,800, included in management fees, for the cost of this plan.

14. Accounting Standard Not Yet Implemented:

In June 1998, the Financial Accounting Standards Board (FASB) adopted SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities." SFAS No. 133 establishes accounting and reporting standards requiring that every derivative instrument (including certain derivative instruments embedded in other contracts) be recorded in the balance sheet as either an asset or liability measured at its fair value and that changes in the derivative's fair value be recognized currently in earnings unless specific hedge accounting criteria are met. Special accounting for qualifying hedges allows a derivative's gains and losses to offset related results on the hedged item in the income statement, and requires that a company must formally document, designate and assess the effectiveness of transactions that receive hedge accounting. 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. 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).

15. Subsequent Events:

During January and February 1999, the Company agreed to acquire three cable television systems for \$1,199,000. The acquisitions are expected to close during 1999.

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.

ARTHUR ANDERSEN LLP

St. Louis, Missouri,
February 5, 1999

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CHARTER COMMUNICATIONS, INC.

The management team of Charter Communications, Inc. ("Charter") has built Charter into one of the most highly respected Multiple Systems Operators ("MSO's") in the United States. The team's collective experience in the cable and telecommunications industry, their receptivity to new ideas, creative thinking and willingness to change, as well as their financial acumen, has proven a successful combination.

Charter has recognized the importance of rebuilding and reinforcing infrastructure and invested heavily in strengthening its core business and upgrading plant in its service areas. New video services, new modems and high speed services are being introduced to consumers and schools. By operating with an intreprenurial spirit, the management team at Charter set themselves apart with solid commitments not only to technology, but to serving our customers, investing in education and showing a strong interest in our communities.

Charter's management team saw to it that millions of dollars were invested in construction of its cable plant fiber optics infrastructure. More than \$200 million was spent in 1998. In 1997, Charter introduced Charter Pipeline™, high speed Internet service to customers in California. The company was the first MSO to commercially launch WorldGate™ universal Internet access and e-mail service over cable television in St. Louis, Missouri in the spring of 1998.

The Management Group has developed a simple but effective management philosophy: to acquire and operate cable systems which it believes have a significant potential for growth. Growth is expressed in terms of subscribers, financial performance, improved customer service and technological sophistication.

The Company's strategy is to target cable systems in close geographical proximity to maximize marketing and operational efficiency and minimize supervisory costs. This clustering structure also contributes to improved employee morale and greater responsiveness to the communities served by Charter's cable systems.

Activities in these geographic clusters are overseen by a Senior Vice President to whom broad operational authority has been delegated. Senior Vice Presidents are in daily contact with system managers, and together these individuals have significant decision-making capability. The Company believes best results are

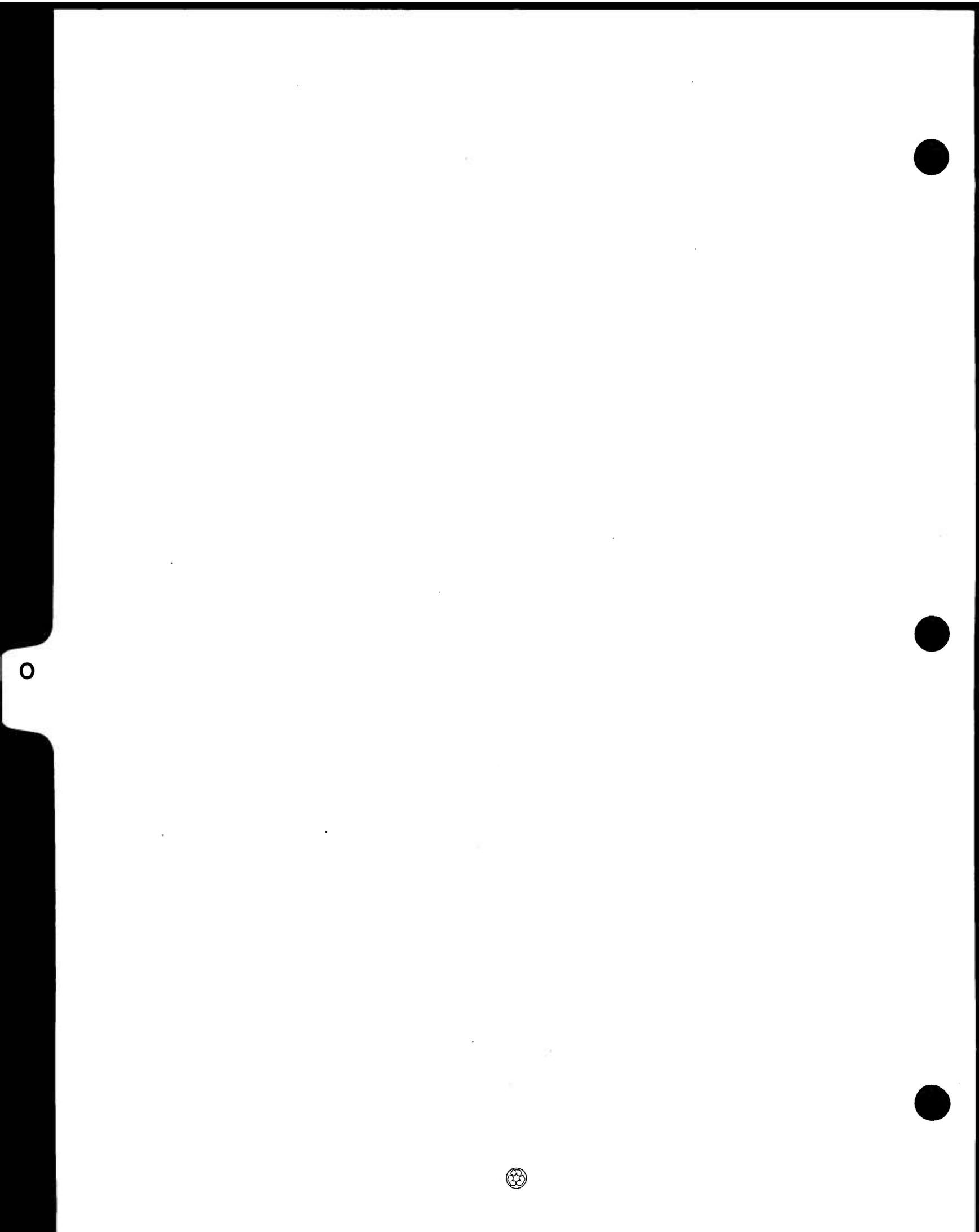
achieved when operating decisions are made as close to the customer as possible.

The cable systems are geographically clustered and are divided into five regions. The clustering contributes to operational and marketing efficiencies as well as improved employee morale and greater responsiveness to communities served by Charter. Overseeing the regions are senior vice presidents to whom broad operational authority is delegated. Senior vice presidents are in regular contact with system managers, and together, they have significant decision-making authority. Charter believes that the best results are achieved when operating decisions are made as close to the customer as possible.

Charter ranks at the top of the cable industry in all key performance standards and has achieved customer growth that is twice the industry average. In five years, Charter acquired 22 cable systems and successfully assimilated employees into Charter's culture to provide service that exceeds the customers' expectations. Charter has been honored many times for its fast growth and management received the 1997 Ernst & Young Entrepreneur of the Year award in the category of Communications/Entertainment.

Charter provides more than 2,800 public and private schools in the communities we serve with fee monthly service as part of the Cable in the Classroom program. Charter committed to equip one site in every consenting elementary and secondary school passed in its service area with Charter Pipeline™ and WorldGate™ service. Charter's commitment to its communities means hundreds of thousands of dollars in support each year for national charities and local civic and charitable organizations. Charter maintains a special focus on our communities' future leaders – the children – recognizing that television plays an enormous role in influencing the lives and dreams of young people.







Jerald L. Kent
President & Chief Executive Officer
Charter Communications, Inc.

Jerald L. Kent is a co-founder, President and Chief Executive Officer of Charter Communications, Inc. and a Managing Partner of Charter Communications Group. Prior to founding Charter, Mr. Kent was an executive officer of Cencom Cable Associates, Inc.

He is charged with running the day-to-day activities of the company by directing the operations, MIS, accounting, acquisition and finance activities of Charter. His accomplishments include the engineering of nearly \$3 billion of acquisitions during Charter's five year history. Currently Charter serves more than 1.2 million customers.

Mr. Kent served as Executive Vice President and Chief Financial Officer of Cencom Cable Associates, Inc., and was responsible for locating, acquiring and financing cable television properties, in addition to overseeing the accounting, finance, management information systems and investor relations departments of the company. Mr. Kent was also responsible for Cencom's California operations. He served Cencom Cable Associates, Inc. as Senior Vice President of Finance from May 1987, Senior Vice President of Acquisitions and Finance from July 1988, and Senior Vice President and Chief Financial Officer from January 1989, and Executive Vice President and Chief Financial Officer in March 1990. He joined Cencom Cable Associates, Inc. in 1983 as Senior Vice President of Corporate Development, to lead the company's acquisition program. During his tenure, Cencom Cable Associates, Inc. grew to a company providing service to over 550,000 subscribers. In connection therewith, he directed acquisitions and related financings totaling over \$1 billion. During this time, Cencom was included among Inc. Magazine's list of 500 fastest growing private companies in the United States.

From 1979 to 1983, Mr. Kent served with Arthur Andersen & Co., certified public accountants, where he attained the position of tax manager. His duties included consulting on the analysis and structuring of limited partnerships with a major emphasis in serving the media industry. In particular, Mr. Kent developed an expertise in structuring partnership and joint venture agreements. His clients included Telcom Engineering, Inc., T.C. Industries, Inc. and Cencom Cable Associates, Inc.

Mr. Kent, a certified public accountant, received his undergraduate and MBA degrees with honors from Washington University, St. Louis, MO. He serves on the Board of Directors of Charter Communications, Inc., CCA Acquisition Corp., CCT



Holdings Corp. and CCA Holdings Corp. He served on the board of CableMaxx, Inc. Mr. Kent was honored in the *St. Louis Business Journal's* 40 Under 40 edition as one of the St. Louis area's outstanding business leaders under the age of 40. He and Charter co-founders Barry Babcock and Howard Wood were honored as 1997 Regional Entrepreneurs of the Year in Telecommunications and Entertainment. Mr. Kent is a member of the Young Presidents Organizations. He serves on the board of directors of The Magic House, and is chairman of the finance committee of Incarnate Word Church. He serves on the Alumni Association Executive Committee at Washington University.



Barry L. Babcock
Chairman of the Board
Charter Communications

Barry Babcock began his career in the cable industry more than twenty years ago. He is a co-founder and Chairman of the Board Charter Communications, Inc., headquartered in St. Louis, Missouri. Prior to founding Charter, Mr. Babcock was associated with Cencom Cable Associates, Inc.

Mr. Babcock was among the founders of Cencom Cable Associates in 1982, serving as Executive Vice President and Chief Operating Officer. He managed the company's in-house legal work, contracts, governmental relations and business matters in the decade from its inception to its sale to Crown Media in 1992.

Mr. Babcock joined the cable industry in 1979 when he became Vice President of Telcom Engineering, Inc. of St. Louis, directing Telcom's cable television governmental consulting activities and preparing franchise agreements for numerous municipalities. Prior to that, Mr. Babcock served as Assistant Municipal Counselor in Oklahoma City, Oklahoma.

Throughout his career in the cable television industry, Mr. Babcock has been involved in leadership roles with national telecommunications organizations. He is currently Chairman of the Board of Directors of the Cable Telecommunications Association (CATA). He serves on the board of directors of the National Cable Television Association (NCTA), C-SPAN and is a member of the board of directors of the Cable Advertising Bureau (CAB) and Cable in the Classroom. Mr. Babcock and Charter co-founders Jerald Kent and Howard Wood were honored as 1997 Regional Entrepreneurs of the Year in Telecommunications and Entertainment.

He is active in many civic endeavors in the St. Louis metropolitan area as a member of the Board of Directors of the Missouri Historical Society and the St. Louis Civic Entrepreneurs Organization. He also serves on the boards of directors of Mercantile Bank-St. Louis and Charter Communications, Inc and various affiliates. He is a frequent speaker on topics related to the cable industry.

Mr. Babcock, an attorney, received his undergraduate and Juris Doctorate degrees from the University of Oklahoma. He served four years as a line officer in the United States Navy.



Kent D. Kalkwarf
Senior Vice President & Chief Financial Officer
Charter Communications

Mr. Kalkwarf joined Charter Communications, Inc. in July 1995 as Vice President, Finance & Acquisitions and was promoted to Senior Vice President of Mergers & Acquisitions in 1996. He was named Senior Vice President & Chief Financial Officer in 1997. He has been instrumental in Charter's acquisition of more than 1.2 million customers.

Prior to joining Charter, Mr. Kalkwarf was a senior tax manager for Arthur Andersen, certified public accountants. With Arthur Andersen, Mr. Kalkwarf was primarily involved in the consumer products and telecommunications service lines.

Throughout his career, his duties included extensive experience in the mergers and acquisitions area. Mr. Kalkwarf has experience in the formation of partnerships, both in the cable and real estate industries.

Mr. Kalkwarf also headed the international tax practice for Arthur Andersen in St. Louis, Missouri where he was involved with international acquisitions and divestitures, along with significant foreign tax credit planning.

Mr. Kalkwarf, a certified public accountant, received his undergraduate degree, with honors, from Illinois Wesleyan University.



Curtis S. Shaw
Senior Vice President, General Counsel & Secretary
Charter Communications

Curtis S. Shaw joined the Company in February 1997 as Senior Vice President, General Counsel and Secretary, and is responsible for all legal aspects of Charter's business, including major transactions and the duties of the corporate secretary.

Prior to joining Charter, Mr. Shaw served as corporate Counsel to NYNEX since 1988. From 1983 until 1988 Mr. Shaw served as Associate General Counsel for Occidental Chemical Corporation, and, from 1986 until 1988, also as Vice President and General Counsel of its largest operating division. Mr. Shaw has 24 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 BA with honors from Trinity College and a JD from Columbia University School of Law.



David G. Barford
Senior Vice President, Operations
Urban Regions
Charter Communications

David Barford is Senior Vice President-Operations, Urban Regions for Charter Communications. Mr. Barford is the senior operating officer for Charter's systems in California and St. Louis overseeing all facets of operations in those cities. He has been with the company since July 1995.

Prior to joining Charter, Mr. Barford served in several senior marketing and operation roles at Comcast Cablevision for eight years. His last position at Comcast was Vice President of Operations in the International Division in Mexico, South America, and new Business Development in Europe.

During his eighteen year career in the cable industry, Mr. Barford has been involved in leadership roles with various telecommunications organizations. He has served as board member and president of the Southern California Cable & Telecommunications Association and board member of the Southern California Cable Television Marketing Council.

Mr. Barford is a graduate of California State University, Fullerton, where he earned his B.A. in Communications. He also holds an MBA from National University.



Mary Pat Blake
Senior Vice President Marketing
Charter Communications

Mary Pat Blake joined Charter Communications as Senior Vice President of Marketing in August 1995.

Prior to joining Charter, Ms. Blake created and operated, then sold Dakota Coffee & Bakery Company. She was president of Blake & Associates, a marketing consulting firm. Her 20 years' experience includes senior management positions in marketing, sales, finance, systems and general management with companies such as General Mills, Pepsico (Taco Bell), Brown Group, and the West Coast Group, strategic marketing consultants.

Ms. Blake earned a B.S. degree in Business Administration from the University of Minnesota, an M.B.A. from Harvard Business School and earned election to Phi Beta Kappa.



Ralph G. Kelly
Senior Vice President, Treasurer
Charter Communications

Ralph Kelly joined Charter Communications, Inc. in March 1993 as Vice President, Finance, a position he held until April 1994 when he became Chief Financial Officer of CableMaxx, Inc., a wireless cable television operator. Mr. Kelly returned to Charter as Senior Vice President, Treasurer. His present responsibilities include cash management financial reporting. He also assists with Charter's finance and acquisition efforts.

Ralph Kelly has worked in the cable industry since 1984 when he joined Cencom Cable Associates, Inc., as Controller. As Controller, Mr. Kelly was responsible for all aspects of accounting and financial reporting for the cable company. Later he served Cencom as Treasurer and was responsible for cash management, loan compliance, budget administration, supervision of internal audit and filing SEC reports. Mr. Kelly also assisted with projects relating to government relations, franchise renewals, acquisitions and equity repurchases. He has served on the accounting Committee of the Board of Directors for National Cable Television Association.

He is a certified public accountant. Mr. Kelly was in the audit division of Arthur Andersen & Co. from 1979 until 1984. His clients included privately held businesses, telephone clients and extractive industries.

Mr. Kelly received his undergraduate degree in accounting from the University of Missouri-Columbia and his MBA degree from Saint Louis University.



David L. McCall
Senior Vice President Operations
Eastern Division

David L. McCall joined Charter in January 1994 as Southeastern Regional Operations Manager. He has primary responsibility for all of Charter's cable systems operations in that portion of the United States.

Prior to joining Charter, Mr. McCall was employed by Crown Cable and its predecessor, Cencom Cable Associates, Inc. from 1983 to 1993. As Regional Manager, his responsibilities included supervising all aspects of operations for systems located in North Carolina, South Carolina and Georgia, consisting of more than 142,000 subscribers.

From 1977 to 1982, Mr. McCall was System Manager of Coaxial Cable Developers (DBA Televue Cablevision) in Simpsonville, SC and prior to that he was Line Foreman with Burnup and Sims, Inc. from 1974 to 1977.

Mr. McCall has served on the Board of Directors for the South Carolina Cable Television Association for the past 10 years.



John C. Pietri
Senior Vice President, Engineering
Charter Communications

John C. Pietri joined Charter Communications in November 1998 as Senior Vice President, Engineering. Mr. Pietri has more than 22 years' experience in the cable industry. Throughout his career he has held a variety of technical management positions.

Prior to joining Charter, Mr. Pietri was with Marcus Cable in Dallas, TX for eight years, most recently as Senior Vice President and Chief Technical Officer. He was responsible for the technical operations and standards for all of the company's cable systems including; new construction and rebuild/upgrade projects; routine maintenance and installation practices; capital control, purchasing; and regulatory compliance and reporting.

Prior to Marcus, he served as Regional Technical Operations Manager for WestMarc Communications headquartered in Denver, CO. He was responsible for managing technical operations, budgeting and purchasing for the company's cable systems in Minnesota, Iowa, North Dakota, and South Dakota. WestMarc served 550,000 customers. Before that, Mr. Pietri served as Operations Manager with Minnesota Utility Contracting.

Mr. Pietri is a member of Society of Cable Television Engineers (SCTE) and Cable Television Association for Marketers (CTAM). He has served on the National Cable and Telecommunications Association committee for the past two years.

Mr. Pietri received his Bachelor of Arts degree in philosophy and mathematics from the University of Wisconsin - Oshkosh.



**Trudi McCollum Foushee
Vice President and Senior Counsel
Charter Communications**

Trudi M. Foushee has been practicing law in the telecommunications industry for the past ten years. As a partner with Green and Foushee of St. Louis and Washington, D.C., Ms. Foushee served as consultant and regulatory legal advisor to Charter Communications before joining the company in 1996.

From 1993 to 1995, Ms. Foushee served as Vice President - Law and Regulatory Affairs for Crown Media, Inc., Dallas, Texas, a division of Hallmark Cards, Inc. Ms. Foushee was responsible for company compliance with the Consumer Protection & Competition Act of 1992 which entailed a massive overhaul of all aspects of the cable business. Ms. Foushee served as lead in-house counsel for Crown Media following the acquisition and consolidation of Crown Media and Cencom Cable Associates corporate headquarters in St. Louis, MO to Crown's headquarters in Dallas, Texas from October 1992 to May 1993.

She served as Counsel and Assistant Secretary to Cencom Cable Associates, Inc. of St. Louis, Missouri from May 1990 to September 1992 providing legal support for human resources, operations, government relations, accounting, customer service and engineering for the INC 500 company.

Ms. Foushee was an attorney with Union Electric Company of St. Louis, Missouri from 1987 until 1990. She was a Litigation Associate with Danna, Soraghan, Stockenberg & Shaw of St. Louis from 1986 to 1987 and an Associate with Miller, Loewinger & Associates Chartered of Washington, D.C. from 1982 until 1985.

Ms. Foushee is a graduate of Georgetown University Law Center. She received her B.S. in Political Science cum laude from North Carolina Central University. She is admitted to practice in the District of Columbia, the State of Missouri, U.S. Supreme Court and the U.S. District Court, 8th Circuit.



M. Celeste Vossmeier
Vice President, Government Relations
Charter Communications

M. Celeste Vossmeier joined Charter Communications in 1995 as Legal Counsel. She was promoted to Vice President and Senior Counsel in January 1997 and to Vice President-Government Relations in October 1998. As Vice President-Government Relations, Ms. Vossmeier is responsible for local, state and federal issues affecting operations and the cable industry generally.

Prior to joining Charter, Ms. Vossmeier practiced law with Peper, Martin, Jensen, Maichel and Hetlege for six years. She specialized in corporate and municipal law. From 1986 to 1989 she worked as a political consultant specializing in issues related to municipal and state government regulation. Her clients included developers, small business owners, and the St. Louis Homebuilders Association. From 1983 to 1986 she worked as a legislative representative for the St. Louis Homebuilders Association.

Ms. Vossmeier takes an active role in the community and is a member of the St. Louis University Law School Dean's Advisory Committee, a precinct captain for the 28th Ward of the City of St. Louis, and serves on a number of nonprofit boards, including as legal counsel for the St. Louis Art Museum.

Ms. Vossmeier earned her A.B. (with honors) in political science from Washington University and JD from Saint Louis University.

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FRANCHISE DEMOGRAPHICS OVERVIEW

CHARTER COMMUNICATIONS, INC.

Charter Communications, Inc. owns, operates and/or manages cable systems in 18 states with a total of over 1600 franchise agreements. These franchise areas represent diverse demographics. However, the bulk of our franchises group together to form 13 key clusters.

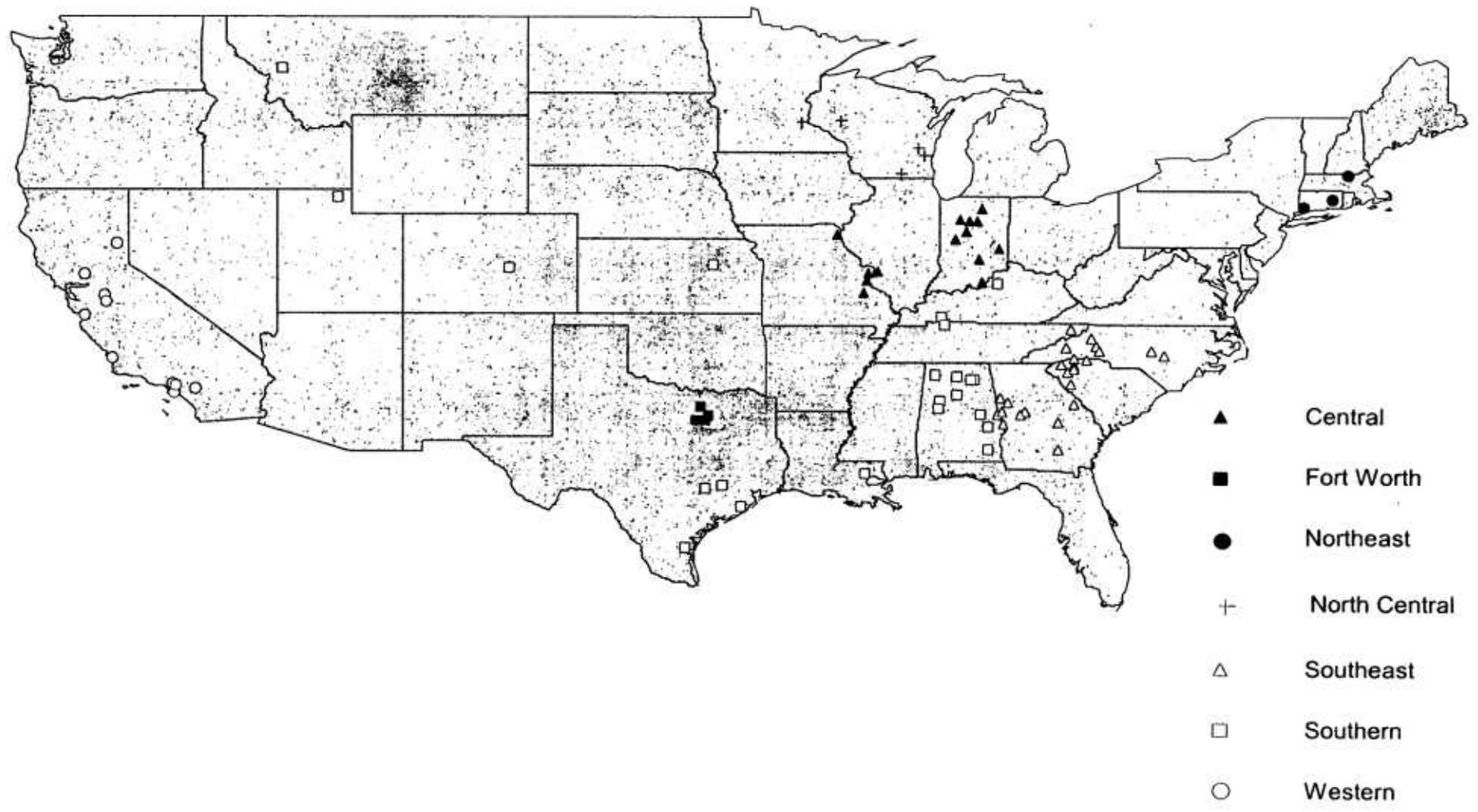
- St. Louis County, Missouri/Illinois
- Los Angeles/Long Beach/San Bernadino, California
- Ft. Worth, Texas Metroplex
- Wisconsin
- Greenville-Spartanburg, South Carolina
- Buncombe County, North Carolina
- Connecticut/Massachusetts
- Atlanta, Georgia suburban area
- Northern North Carolina
- Huntsville, Alabama
- New Orleans, Louisiana suburban area
- Indiana, outside Indianapolis

Making up these clusters are several different franchise areas that range from small towns and villages with just a few hundred customers, large bedroom communities such as Clarksville, Tennessee and Coweta County, Georgia with between 10,000-25,000 customers to large urban areas such as Long Beach, California with over 65,000 customers.

Outside of the clusters, Charter has franchise agreements that serve three military bases, Fort Gordon, Ft. Riley and Ft. Carson and that serve rural areas in parts of the country such as northern Missouri and southern Tennessee.

CHARTER REGIONAL MAP

As of April 15, 1999





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QUALITY OF SERVICE PROVIDED

Charter Communications, Inc. ("Charter") and its affiliated entities continually seeks to improve their understanding of, and relationship with, their customers. Management believes this focus will, over time, increase both subscriber penetration and per subscriber revenue. The emphasis on customer satisfaction is evident in Charter's customer service policies, marketing and programming and technological plans. Charter seeks to provide a high level of customer service by employing a well-trained staff of customer service representatives and experienced field technicians. Management believes that the level of customer service provided by Charter to subscribers gained through acquisitions is generally better than that provided by previous owners. Charter's programming packages offer different pricing options, including special value packages and add-on services. From a technological standpoint, Charter focuses on its customers through its emphasis on service reliability, improved picture quality and expanded channel capacity. Charter is also working to develop a database that will assist management with its evaluation of the potential demand by existing and prospective customers for home entertainment, educational services and data transmission.

Charter is dedicated to providing superior customer service to customers. As part of this effort, Charter emphasizes improving system reliability, which includes enhancing technology of the systems, increasing the level of engineering resources and providing the highest level of customer service.

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EQUAL EMPLOYMENT OPPORTUNITY PROGRAM

It is the Company's policy that equal opportunity in employment shall be afforded to all qualified persons and that there shall be no discrimination against any person in any aspect of employment because of sex, race, color, religion, national origin or age. To this end, the Company has established and will maintain and carry out a positive continuing aspect of cable system employment policy and practice.

Administration of the Program

The General Manager of the system has responsibility for administration of the Company's Program, including hiring, training and promotion activities. His actions are subject to continuing review and supervision by the Vice President of Human Resources.

Recruiting

Prominently posted at our business office is a notice informing employees and applicants for employment of their equal employment opportunity rights and their right to notify the Federal Communications Commission, the Equal Employment Opportunity Commission or other appropriate agency if they believe they have been the victims of discrimination. Where appropriate, this notice is also posted at other work locations and in other appropriate languages.

All employment application forms utilized by the Company contain a notice, in bold type, informing prospective employees that discrimination because of sex, race, color, religion, national origin or age is prohibited and that they may notify the Federal Communications Commission, the Equal Employment Opportunity Commission or other appropriate agencies if they believe they have been the victims of discrimination.

All advertisements for employees state that the Company is an equal opportunity employer. Where available, advertisements are placed in media having significant circulation among minority-group people in the area.

When employment referral agencies and other recruitment sources are utilized to fill job openings, they are advised that the Company is an equal opportunity employer and that qualified minority and female applicants will be actively considered for employment.

Efforts are made by the company to recruit at schools and colleges with significant minority-group enrollments and to contact minority and human relations organizations, leaders and spokespersons for referral of qualified minority or female applicants.

Selection and Hiring

Minority and women applicants for jobs are to be given equal consideration and there is to be no discrimination in hiring on the basis of sex, race, color, religion, national origin or age. Efforts are made to identify lower paid employees with interest and potential for higher paid positions and to assist them to qualify for such positions.

Placement, Promotion and Other Conditions of Employment

All employees are treated without discrimination with respect to all terms, conditions and privileges of employment. As part of our equal employment opportunities program, all employees are afforded:

- (a) equal consideration for promotion to higher positions for which they are qualified;
- (b) equal opportunity for counseling and on-the-job training leading to higher positions;
- (c) equal pay and benefits to that received by other employees with equivalent qualification and experience who perform equal work at the cable system;
- (d) equal opportunity for all qualified employees to participate in overtime work; and
- (e) equal access to all company facilities and benefits.

No demotions, layoffs or terminations are based on an employee's sex, race, color, religion, national origin or age.

Opportunity for overtime work is offered on a nondiscriminatory basis. Rates of pay and fringe benefits are periodically reviewed for inequities.

Use of Minority and Female-Owned Businesses

It is the Company's policy to encourage minority and female entrepreneurs to conduct business with all parts of its operation. For this purpose, the Company maintains community contacts and encourages present employees to refer minority and female-owned businesses that wish to do business with the system.

S



Our Culture

A charter, by definition, sets forth aims and principles of a united group. Our success is based on the shared values and commitment of the men and women who are building Charter for the future, on developing new technology, on discovering creative and innovative ways to do things, on improving the value of our services to our customers, on building strong relationships with our customers and on seeking excellence in everything we do.

Integrity

Integrity is our guiding principle. We stand behind what we say we will do for our customers, our investors and our people. We meet the world head-on as upright and sincere business people.

Creativity

Creativity and independent thinking are the entrepreneurial way. Embracing change and opportunity is what brought Charter to this point. Take personal responsibility for searching out a better way, for achieving higher quality. Let solutions start with you. Keep reaching, stretching to outdo yesterday. Receptivity to new ideas means totally eradicating philosophies such as: "That's not the way we do it around here." And "That's the way we've always done it."

Work Hard, Play Hard

The men and women of Charter are by nature competitive, hard-working people. We set high standards for ourselves, and our work. Set the same high standards for the time spent with family. Families come first. Keep quality time with family a priority.

Customer Service

Continually ask our customers what they want and how we are doing. We must know our customers intimately; so well that we can anticipate their needs, their likes and dislikes. A strong relationship with our customers guarantees their satisfaction and keeps our company profitable. Search out ways to exceed our customers' expectations. If we don't meet their needs, someone else will.

Positive Attitude

Charter is a place for "Can-Do" men and women. A positive attitude empowers us. A negative attitude drains precious energy and destroys self-confidence. There is no room for negativism at Charter. Adopt a positive attitude as a lifestyle.

Take Pride

What we do affects who we are. Each of us brings special talents and areas of expertise to Charter. Charter's values grow out of each individual's values. The company's results are merely the accumulation of our singular results. You make a difference. Take time to feel good about what you do.



Knowledge and Skills

It doesn't take long for skills and knowledge to become outdated in a fast-changing world. We must constantly retool ourselves, become perpetual students. Delve deeper. Keep learning. Share your knowledge.; Charter believes training our people is the key to successful careers.

Corporate Citizenship

Get involved. Being a good corporate citizen means we don't just stand on the sidelines and observe. Being a valued member of a community means giving something back to it. No matter how big Charter becomes, we must always be a "hometown" company, helping our neighbors.

Care About Others

Strong teams are built on personal relationships and genuine caring for each other. Ask co-workers how they are doing and listen to what they say. Clear communication and a sense of teamwork is critical in a competitive environment. Our commitment to our culture is our charter for success.

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SAFETY POLICY

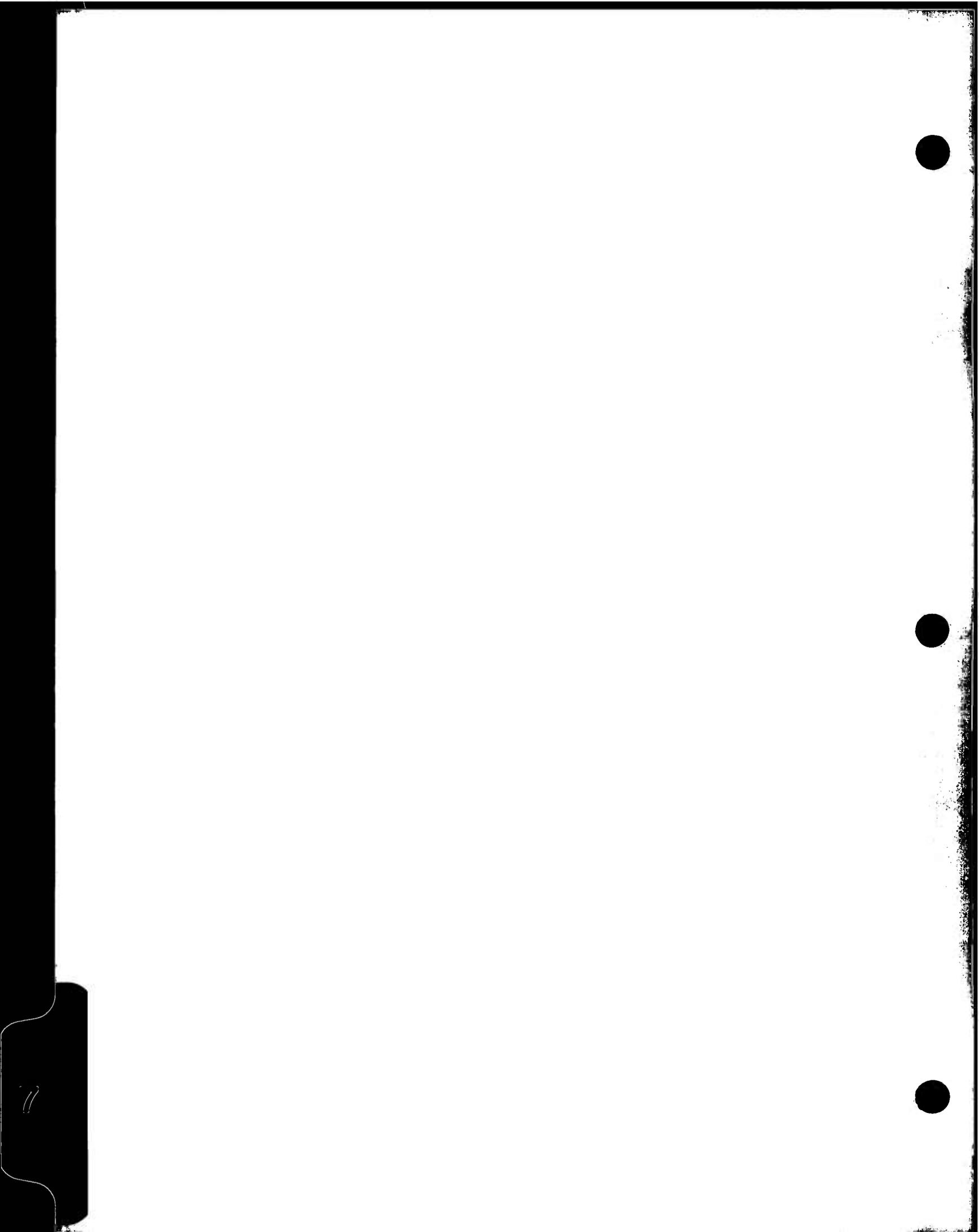
It is the policy of Charter Communications to provide safe working conditions for all its employees and to provide protection for the general public.

The company recognizes that the safety of all company employees, subscribers and the public is definitely the responsibility of the company, its management, supervisors and employees.

Regardless of the degree of responsibility charged to management and supervisors for safety, every employee must recognize that the safety program must have the united and unqualified support and effort of every individual to insure that safe practices are not only established, but maintained and followed at all times.

The basis of the safety policy of Charter Communications is to take the permanent and continuing position that no job being performed is so important and no service too urgent that time cannot be taken by all concerned to perform the job in the right way, the efficient way – the safe way.

Charter Communication's safety manual elaborates on this policy and gives specific safety rules, practices and procedures to be followed, as well as record keeping requirement. One manual is to be kept in each system's office and each outside employee is to keep a manual in their vehicle.



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SECTION 7

PURCHASE AGREEMENT

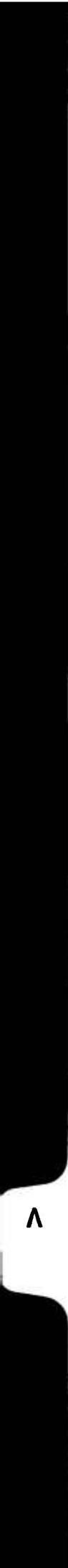




STATEMENT REGARDING PURCHASE AGREEMENT

The attached Purchase Agreement ("Agreement") provides that the Buyer, Charter Communications, Inc., may assign its rights but not its obligations to an affiliate. As indicated by the documentation contained herein, Charter will assign its rights to Charter Communications VI, LLC (CC-VI").





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PURCHASE AGREEMENT

dated as of May 21, 1999

among

BLACKSTONE TWF CAPITAL PARTNERS, L.P.
BLACKSTONE TWF CAPITAL PARTNERS A L.P.
BLACKSTONE TWF CAPITAL PARTNERS B L.P.
BLACKSTONE TWF FAMILY INVESTMENT PARTNERSHIP, L.P.
RCF CARRY, LLC

FANCH MANAGEMENT PARTNERS, INC.

PBW CARRIED INTEREST, INC.

RCF INDIANA MANAGEMENT CORP.

THE ROBERT C. FANCH REVOCABLE TRUST

A. DEAN WANDRY

THOMAS W. BINNING

JACK POTTLE

SDG/MICHIGAN COMMUNICATIONS JOINT VENTURE
FANCH-JV2 MASTER LIMITED PARTNERSHIP,
COONEY CABLE ASSOCIATES OF OHIO, LIMITED PARTNERSHIP,
MARK TWAIN CABLEVISION LIMITED PARTNERSHIP,
NORTH TEXAS CABLEVISION, LTD.,
POST CABLEVISION OF TEXAS, LIMITED PARTNERSHIP,
SPRING GREEN COMMUNICATIONS, L.P.,
FANCH-NARRAGANSETT CSI LIMITED PARTNERSHIP,
and
FANCH CABLEVISION OF KANSAS GENERAL PARTNERSHIP

("Sellers")

and

CHARTER COMMUNICATIONS, INC.

("Buyer")

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PURCHASE AGREEMENT

THIS PURCHASE AGREEMENT (this "Agreement") is made and entered into as of May 21, 1999, by and among **Blackstone TWF Capital Partners, L.P.**, a Delaware limited partnership; **Blackstone TWF Capital Partners A L.P.**, a Delaware limited partnership; **Blackstone TWF Capital Partners B L.P.**, a Delaware limited partnership; **Blackstone TWF Family Investment Partnership, L.P.**, a Delaware limited partnership (collectively "Blackstone"); **RCF Carry, LLC**, a Colorado limited liability company; **Fanch Management Partners, Inc.**, a Colorado corporation; **PBW Carried Interest, Inc.**, a Colorado corporation; **RCF Indiana Management Corp.**, a Colorado corporation; **SDG/Michigan Communications Joint Venture**; **The Robert C. Fanch Revocable Trust**, **Thomas W. Binning**, **A. Dean Wandry** and **Jack Pottle** (collectively the "Fanch JV1 Partners" and together with Blackstone, the "FCILP Sellers"); **Fanch-JV2 Master Limited Partnership**, a Delaware limited partnership ("Master"); **Cooney Cable Associates of Ohio, Limited Partnership**, a Delaware limited partnership ("Cooney"); **Mark Twain Cablevision Limited Partnership**, a Missouri limited partnership ("Twain"); **North Texas Cablevision, Ltd.**, a Texas limited partnership ("NTC"); **Post Cablevision of Texas, Limited Partnership**, a Texas limited partnership ("Post"); **Spring Green Communications, L.P.**, a Delaware limited partnership ("Spring Green"); **Fanch Cablevision of Kansas General Partnership**, a Rhode Island general partnership ("FKGP"); and **Fanch-Narragansett CSI Limited Partnership**, a Delaware limited partnership ("FNCSI") (Cooney, Master, FCILP Sellers, Twain, NTC, Post, Spring Green, FKGP and FNCSI are sometimes referred to collectively herein as the "Sellers", and each of them is sometimes individually referred to as a "Seller"); and **Charter Communications, Inc.**, a Delaware corporation ("Buyer").

RECITALS

a) FKGP owns all of the outstanding capital stock (the "CSI Stock") of Cable Systems, Inc., a Kansas corporation ("CSI"). Cooney owns all of the capital stock (the "Tioga Stock") of Tioga Cable Company, Inc., a Pennsylvania corporation ("Tioga").

b) The FCILP Sellers own all of the partnership interests in Fanch Cablevision of Indiana, L.P., a Delaware limited partnership ("FCILP"). FCILP in turn owns all of the capital stock (the "Hornell Stock") of Hornell Television Service, Inc., a New York corporation ("Hornell"). FCILP also will own at Closing (or will have the right to acquire) all of the capital stock (the "ARH Stock") of ARH Ltd. ("ARH"). (The CSI Stock, the Hornell Stock, the Tioga Stock, and the ARH Stock is sometimes referred to herein collectively as the "Stock").

c) Prior to the Closing hereunder, pursuant to the

Distribution Agreement dated the date hereof by and among TWFanch-one Co., a Delaware general partnership ("TWF1"), and its partners (the "TWF1 Distribution Agreement") TWF1 will distribute and/or sell to FCILP the ARH Stock (subject to Section 6.9(f) and will distribute and/or sell to FCILP and Hornell, cable television systems (the "TWF1 Systems") serving the communities listed on Schedule 1.0(c) under the heading "TWF1 Service Areas."

d) Prior to the Closing hereunder, TWFanch-two Co., a Delaware general partnership, ("TWF2") pursuant to an agreement dated the date hereof by and among TWF2 and its partners (the "TWF2 Distribution Agreement"), will distribute and/or sell to Cooney, Tioga and Master, the cable television systems (the "TWF2 Systems") serving the communities listed on Schedule 1.0 (d) under the heading "TWF2 Service Areas." All of the TWF2 Systems will be distributed to either Cooney, Master or Tioga.

e) NTC, Post, Spring Green, CSI, FNCSI and Twain on the date hereof own the cable television systems serving the communities listed on Schedule 1.0(e). The areas listed on Schedules 1.0(c), 1.0(d) and 1.0(e) are sometimes referred to collectively as the "Service Areas."

f) Cooney, Master, Twain, NTC, Post, Spring Green and FNCSI are sometimes herein referred to collectively as the "Asset Sellers"). CSI, Hornell, Tioga, ARH and FCILP are sometimes herein referred to collectively as the "Controlled Entities"). The Asset Sellers and the Controlled Entities are sometimes together referred to herein as the "Operating Entities."

g) FKGP has agreed to sell the CSI Stock to Buyer, and Buyer has agreed to acquire the CSI Stock from FKGP, upon the terms and conditions set forth in this Agreement.

h) Cooney has agreed to sell the Tioga Stock to Buyer, and Buyer has agreed to acquire the Tioga Stock from Cooney, upon the terms and conditions set forth in this Agreement.

i) The FCILP Sellers have agreed to sell the partnership interests in FCILP (the "FCILP Interests") to Buyer, and Buyer has agreed to acquire the FCILP Interests from the FCILP Sellers, upon the terms and conditions set forth in this Agreement.

j) Asset Sellers have agreed to convey to Buyer, and Buyer has agreed to purchase from Sellers, the Asset Sellers Assets (as hereinafter defined), other than the Asset Sellers Excluded Assets (as hereinafter defined), upon the terms and conditions set forth in this Agreement.

AGREEMENTS

In consideration of the mutual covenants and promises set forth herein, Buyer and Sellers agree as follows:

ARTICLE I CERTAIN DEFINITIONS

Section 1.1 Definitions

As used in this Agreement, the following terms, whether in singular or plural forms, shall have the following meanings:

"Accounts Receivable" shall mean all rights of the Operating Entities to payment for goods or services provided prior to the Adjustment Time (including, but not limited to, rights to payment for cable services provided to customers of the Systems, the sale of advertising, the leasing of channels, and other goods, services and rentals).

"Adjustment Time" shall mean 12:01 a.m. on the Closing Date.

"Affiliate" shall mean, with respect to any Person, any other Person controlling, controlled by or under common control with such Person, with "control" for such purpose meaning the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities or voting interests, by contract or otherwise.

"Agreement" means this Purchase Agreement including all schedules and exhibits attached hereto, as may be amended from time to time.

"Allocation" has the meaning set forth at Section 2.4(d).

"ARH" means ARH, Ltd., a Colorado corporation.

"ARH Price Factor" shall have the meaning set forth at Section 6.9.

"ARH Purchase Agreement" shall mean the Stock Purchase Agreement dated May 12, 1999 between TWF1 and ARH, Ltd. ("ARH").

"ARH Stock" shall have the meaning set forth at Section 6.9.

"ARH Subscriber Number" means 17,656.

"ARH Systems" shall have the meaning set forth at Section 6.9.

"Assets" means the Asset Sellers Assets and the Controlled Entity Assets.

"Asset Sellers" shall have the meaning set forth in the

Recitals.

"Asset Sellers Assets" has the meaning set forth at Section 2.1(b).

"Asset Sellers Business" shall mean the business of owning, operating and maintaining the Asset Sellers Systems, including, but not limited to, the provision of cable television service by Asset Sellers to subscribers of the Asset Sellers Systems.

"Asset Sellers Contracts" has the meaning set forth at Section 2.1(b)(v).

"Asset Sellers Excluded Assets" has the meaning set forth at Section 2.2.

"Asset Sellers Franchises" has the meaning set forth at Section 2.1(b)(iii).

"Asset Sellers Licenses" has the meaning set forth at Section 2.1(b)(iv).

"Asset Sellers Systems" shall mean the cable television systems now owned by Twain, Spring Green, NTC, Post and FNCSI; which serve the areas listed for such entities on Schedule 1.0(e); and the TWF2 Systems, other than those distributed to Tioga.

"Assumed Obligations and Liabilities" has the meaning set forth at Section 2.3(a).

"Basic Cable" means the lowest level package of programming services that includes all retransmitted off-air broadcast signals and that must be purchased in order to subscribe to other levels of service.

"Bill of Sale" means the Bill of Sale and Assignment in the form annexed hereto as Exhibit B.

"Bulk Subscribers" shall mean, for each System, the quotient obtained by dividing (A) the aggregate dollar monthly amount billed for the calendar month immediately prior to the month in which Closing occurs to commercial accounts and to bulk accounts such as hotels, motels, hospitals, apartment houses, college dormitories and similar multiple dwelling units for which payment is made on a bulk basis on behalf of residents, students or guests for Basic Cable and, if applicable, Expanded Cable by (B) (i) the monthly rate for Basic Cable and if applicable, Expanded Cable in such System if the account receives Basic Cable and Expanded Cable, or (ii) the monthly rate for Basic Cable in such System if the account receives only Basic Cable (excluding pass-through charges for sales taxes, line-itemized franchise fees, fees charged by the FCC and

other similar line-itemized charges). In making this calculation there shall be included only billings to commercial/bulk accounts that have paid in full at least one monthly bill for cable television service and has not more than ten dollars (\$10.00) more than 65 days past due (excluding late fees and charges and amounts subject to a bona fide dispute).

"Business" shall mean the business of operating the Systems.

"Business Day" shall mean any day other than Saturday, Sunday or a day on which banking institutions in New York, New York are required or authorized to be closed.

"Cable Act" means Title VI of the Communications Act of 1934, as amended, 47 U.S.C. §§ 151 et. seq., and all provisions of the Cable Communications Policy Act of 1984, the Cable Television Consumer Protection and Competition Act of 1992, and the provisions of the Telecommunications Act of 1996 amending Title VI of the Communications Act of 1934, in each case as amended and in effect from time to time.

"Capacity Licenses" shall mean the capacity license agreements, fiber optic agreements and similar agreements described on Schedule 5.16 by which an Operating Entity either licenses capacity or grants a right to use capacity on fibers to another Person, or by which an Operating Entity has the right to use fibers owned by another Person.

"Capital Expenditure" means expenditures that would be characterized as capital expenditures under GAAP.

"Closing" has the meaning given in Section 8.1.

"Closing Date" has the meaning given in Section 8.1.

"Code" shall mean the Internal Revenue Code of 1986, as amended, and the regulations thereunder, or any subsequent legislative enactment thereof, as in effect from time to time.

"Commercially Reasonable Efforts" shall mean such efforts as do not require the party to (i) undertake extraordinary or unreasonable measures, including, without limitation, the initiation or prosecution of legal proceedings or the payment of fees in excess of normal and usual filing and processing fees or (ii) assume any material additional liability or make any material additional commitment.

"Consents" shall mean the consents, permits, approvals and authorizations of Governmental Authorities and other Persons necessary to transfer the Stock and Asset Sellers Assets to Buyer and to consummate the other transactions contemplated by this Agreement.

"Contracts" shall have the meaning set forth at Section 2.1(b)(v).

"Controlled Entities" has the meaning set forth in the Recitals.

"Controlled Entity Business" shall mean the business of owning, operating and maintaining the Controlled Entity Systems, including the provision of cable television service by the Controlled Entity to subscribers of the Controlled Entity Systems.

"Controlled Entity Credit Agreements" means (i) the Loan Agreement dated January 27, 1993 among Fleet National Bank, CSI and FNCSI, as amended, and the security agreements and other documents executed in connection therewith; (ii) the Consulting Agreement dated January 12, 1988 between CSI and Eugene Smith, as amended by an Amendment to Consulting Agreement dated December 31, 1992; and (iii) the credit agreement that will be in effect at Closing governing long-term debt of FCILP, Hornell and (if the acquisition of the ARH Stock has closed prior to Closing) ARH.

"Controlled Entity Liabilities" shall mean all liabilities of the Controlled Entities that would be required to be shown as a liability of the Controlled Entities on a balance sheet prepared in accordance with GAAP, including the outstanding amount of loans under the Controlled Entity Credit Agreements, including current maturities thereunder.

"Controlled Entity Excluded Assets" has the meaning set forth at Section 2.2.

"Controlled Entity Systems" shall mean the TWF1 Systems, the cable television systems owned by CSI that serve the Service Areas listed on Schedule 1.0(e) which designate CSI as the service provider, the TWF2 Systems that are distributed to Tioga, and the ARH Systems.

"Copyright Act" means the Copyright Act of 1976, as amended.

"Current Items Amount" has the meaning set forth at Section 2.6.

"EBU's" shall mean the sum of (A) Good Subscribers plus (b) Bulk Subscribers.

"EBU Adjustment Factor" shall mean Four Thousand Five Hundred Seventy-one Dollars (\$4,571).

"Eligible Accounts Receivable" has the meaning set forth at Section 2.6(a).

"Employee Benefit Plan" means any pension, retirement, profit-sharing, deferred compensation, vacation, severance, bonus, incentive, medical, vision, dental, disability, life insurance or any other material employee benefit plan as defined in Section 3(3) of ERISA or any other employee plan or program for the benefit of any employees of the Systems.

"Encumbrances" shall mean any pledge, claim, mortgage, lien, charge, encumbrance or security interest of any kind or nature whatsoever.

"Entity Sellers" means the FCILP Sellers, Cooney (in its capacity as the owner of the Tioga Stock) and FKGP.

"Environmental Law" means any Legal Requirement pertaining to land use, air, soil, surface water, groundwater (including the protection, cleanup, removal, remediation or damage thereof), the handling, storage, treatment or disposal of waste, including hazardous waste, and the handling, storage, manufacture, treatment or transportation of hazardous materials, or to the protection of public health and safety, occupational health and safety or worker health and safety or any other environmental matter, including the following laws as amended and as in effect at the relevant time (including, but not limited to, the following statutes, any regulations promulgated pursuant to any of them, any permits, licenses or authorizations issued thereunder, any state or regional analogues thereto and any permits or regulations issued thereunder): (A) Clean Air Act (42 U.S.C. § 7401, et seq.); (B) Clean Water Act (33 U.S.C. § 1251, et seq.); (C) Resource Conservation and Recovery Act (42 U.S.C. § 6901, et seq.); (D) Comprehensive Environmental Response, Compensation and Liability Act (42 U.S.C. § 9601, et seq.); (E) Safe Drinking Water Act (42 U.S.C. 300f, et seq.); (F) the Hazardous Materials Transportation Act; (G) the Federal Insecticide, Fungicide and Rodenticide Act and (H) Toxic Substances Control Act (15 U.S.C. § 2601, et seq.).

"Equipment" means the Asset Sellers Equipment and the Controlled Entity Equipment.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended.

"Escrow Agent" shall mean Bank of Montreal or such other party as Buyer and Sellers shall agree.

"Excluded Assets" means the Controlled Entities' Excluded Assets and the Asset Sellers Excluded Assets.

"Expanded Cable" means the package or packages of programming service that are offered to subscribers separately from Basic Cable for a charge that is in addition to the charge for Basic Cable, and

that can only be purchased by subscribers that also receive Basic Cable; provided that "Expanded Cable" does not include Pay TV, a la carte programming tiers, or other programming services offered on a per-channel or pay-per-view basis.

"Expenses" has the meaning set forth at Section 2.6 (c)

"FCC" means the Federal Communications Commission.

"FCC Licenses" shall mean any licenses issued or granted to the Operating Entities by the FCC, including all amendments thereto and renewals or modifications thereof.

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

"FCILP Interests" has the meaning given in the Recitals.

"Final Adjustment Certificate" has the meaning set forth at Section 2.8(b).

"Financial Statements" has the meaning set forth at Section 5.15.

"Franchises" means the Corporations Franchises and the Asset Sellers Franchises.

"Franchising Authorities" shall mean all Governmental Authorities that have issued or granted any Franchises relating to the operation of the Systems.

"GAAP" shall mean generally accepted accounting principles as in effect in the United States of America.

"Good Subscriber" shall mean each household or individual or business (other than accounts that pay on a bulk basis on behalf of multiple users or that pay a commercial rate that is different from the rate charged to individuals) that at the date of determination (i) subscribes to Basic Cable provided by a System (exclusive of secondary outlets and courtesy accounts), (ii) pays the System's standard rate for Basic Cable (including discounted rates offered in the ordinary course of business consistent with past practice), (iii) has paid for at least one month of service, and (iv) has not more than ten dollars (\$10.00) more than 65 days past due (excluding late fees and charges and amounts subject to a bona fide dispute). Notwithstanding the foregoing, if the Closing occurs in December, November data will be used to determine the number of Good Subscribers in the Systems served from the headends in Murray and Mayfield, Kentucky.

"Governmental Authority" means the United States of America, any state, commonwealth, territory, or possession thereof, and any political subdivision or quasi-governmental authority of any of the same, including any court, tribunal, department, bureau, commission or board.

"Hazardous Substances" shall mean any pollutant or contaminant, any hazardous or toxic substance, material, constituent or waste or any pollutant, in any case that is labeled or regulated as such by any Governmental Authority pursuant to an Environmental Law, including petroleum or petroleum compounds, radioactive materials, asbestos or any asbestos-containing material, or polychlorinated biphenyls.

"Hornell" has the meaning given in the Recitals.

"HSR ACT" means the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended.

"Indemnitee" has the meaning set forth at Section 11.3(a)

"Indemnity Escrow Amount" has the meaning set forth at Section 2.5.

"Indemnitor" has the meaning set forth at Section 11.3(a)

"Indemnity Escrow Agreement" shall mean the Indemnity Escrow Agreement among Buyer, Sellers and Escrow Agent, substantially in the form annexed hereto as Exhibit A.

"Indemnity Limit" has the meaning given at Section 2.5 hereof.

"Initial Adjustment Certificate" has the meaning set forth at Section 2.8(a)

"Judgment" means any judgment, writ, order, injunction, award, or decree of any court, judge, justice, magistrate, Governmental Authority or arbitrators.

"Leased Real Property" means the Corporations Leased Real Property and the Asset Sellers Leased Real Property.

"Legal Requirements" means applicable common law and any statute, ordinance, code or other law, rule, regulation, or order enacted, adopted or promulgated by any Governmental Authority, including, without limitation, Judgments and the Franchises.

"Licenses" has the meaning set forth at Section 5.6.

"Lien" means any security agreement, any financing statement filed with any Governmental Authority, any conditional sale or

other title retention agreement, and any lease, consignment or bailment given for purposes of security.

"Litigation" means any claim, action, suit, proceeding, arbitration, investigation, hearing, or other similar activity or procedure that could result in a Judgment.

"Losses" means any claims, losses, liabilities, damages, penalties, costs, and expenses, including, without limitation, reasonable counsel fees and costs and expenses incurred in the investigation, defense or settlement of any claims covered by the indemnification provided for in Article 11 hereof, but shall in no event include incidental or consequential damages.

"Mandatory Consents" has the meaning given at Section 5.3.

"Material Adverse Effect" means a material adverse effect on the business, results of operations, assets or financial condition of the Operating Entities or the Business taken as a whole, but without giving effect to any effect resulting from changes in conditions (including economic conditions, changes in FCC Regulations, or federal, state or local governmental actions, legislation or regulations) that are applicable to the economy or the cable television industry on a national, regional, state or local basis or any changes in technology or competition affecting the business of the Operating Entities.

"Operating Entities" has the meaning given in the Recitals.

"Outside Closing Date" has the meaning set forth at Section 8.1(b).

"Owned Real Property" means the Controlled Entity Owned Real Property and the Asset Sellers Owned Real Property.

"Owner" means any FCILP Seller, any general partner or any limited partner of a Seller, or any partner, stockholder, director or officer of a Controlled Entity or of any entity that is a partner of a Seller.

"Ownership Interests" means the FCILP Interests, the Tioga Stock and the CSI Stock.

"Pay TV" means premium programming services selected by and sold to subscribers on a per-channel or per-program basis.

"Pending Acquisitions" has the meaning given at Section 6.1.

"Permitted Lien" means (i) Liens for Taxes that are not yet due and payable or that are being contested in good faith by appropriate proceedings and for which adequate reserves have been established by Sellers, (ii) rights reserved to any Governmental

Authority to regulate the affected property, (iii) as to leased Assets, interests of the lessors thereof and Liens affecting the interests of the lessors thereof, (iv) inchoate materialmen's, mechanics', workmen's, repairmen's or other like Liens arising in the ordinary course of business, (v) as to any parcel of Owned Real Property or Leased Real Property, easements, building restrictions, deed restrictions, rights of subsurface and mineral owners, and other Liens that do not adversely affect or impair the use thereof as it is currently being used by the Corporations or Asset Sellers in the ordinary course of their business, (vi) as to the Stock, restrictions on transfer imposed by Federal and state securities laws and regulations, (vii) in the case of CSI and FNCSI, Liens securing CSI's and FNCSI's obligations under the CSI Credit Agreement, and (viii) Liens described on Schedule 5.4.

"Person" means any natural person, Governmental Authority, corporation, general or limited partnership, joint venture, trust, association, limited liability company, or unincorporated entity of any kind.

"Pole Attachment Agreements" means pole attachment authorizations and agreements held by an Operating Entity that relate to a System and were granted by a public utility or other Person providing utility services or by a municipality or other Governmental Authority.

"Purchase Price" has the meaning set forth at Section 2.4(a).

"Real Property" means Owned Real Property and Leased Real Property.

"Recent Purchase Agreements" shall mean the purchase agreements described on Schedule 5.15.

"Recently Acquired Systems" shall mean the Systems acquired under the Recent Purchase Agreements.

"Required Consents" has the meaning given at Section 5.3.

"Road Runner Contracts" means (i) the Agreement dated January 27, 1999 between TWF1 and ServiceCo., LLC, (ii) the Agreement dated July 21, 1998, between TWF1 and Convergence.com Corporation, and (iii) the letter of intent dated May 3, 1999 between ServiceCo, LLC and TWF2.

"Service Areas" mean the geographic areas served by the Systems, as listed on Schedule 1.0(c), 1.0(d) and 1.0(e).

"Social Contract" means the Social Contract between TWE, TWI Cable, Inc. and Time Warner Entertainment-Advance/Newhouse Partnership, or any subsidiary, division or affiliate thereof, and the FCC, effective November 30, 1995 (FCC 95-478), as amended

through the date hereof.

"Social Contract Systems" has the meaning set forth at Section 5.22.

"Stock" means the ARH Stock, the Hornell Stock, the CSI Stock and the Tioga Stock.

"Subscriber Adjustment" shall have the meaning given at Section 2.7 hereof.

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

"System" means any of the Systems.

"Systems" shall mean the cable television systems serving the areas listed on Schedules 1.0(c), 1.0(d) and 1.0(e).

"Taxes" shall mean any and all taxes, fees, levies, duties, tariffs, imposts, and other charges of any kind (together with any and all interest, penalties, additions to tax and additional amounts imposed with respect thereto) imposed by any Taxing Authority, including but not limited to income, sales, use, ad valorem, value added, franchise, severance, net or gross proceeds, withholding, payroll, employment, excise or property taxes, and similar charges.

"Taxing Authority" shall mean any federal, state, local or foreign governmental body or political subdivision with the power to impose Taxes.

"Tax Returns" shall mean any return, report, information return or other document (including any related or supporting information) filed or required to be filed with any Taxing Authority in connection with the determination, assessment, collection, administration or reposition of any Taxes.

"Tioga" has the meaning given in the Recitals.

"Threshold EBU Number" shall mean 525,000.

"Transferable Franchise Areas" shall have the meaning given at Section 7.3.

"Transaction Documents" shall mean this Agreement, the Indemnity Escrow Agreements, and each other instrument, document,

certificate and agreement required or contemplated to be executed and delivered hereunder and thereunder.

"To Sellers' Knowledge" or the equivalent means to the actual knowledge of Jack Pottle, Robert C. Fanch or Jeffrey D. Elbersen.

"TWF1 Distribution Agreement" and "TWF2 Distribution Agreement" shall have the meanings set forth in the Recitals.

"TWF1 Systems" has the meaning given in the Recitals.

"TWF2 Systems" has the meaning given in the Recitals.

ARTICLE II. PURCHASE AND SALE

Section 2.1 Covenant of Purchase and Sale; Stock and Assets.

a. Purchase and Sale of Ownership Interests. Subject to the terms and conditions set forth in this Agreement, at Closing (i) FKGP shall sell, convey and transfer to Buyer, and Buyer shall acquire from FKGP the CSI Stock, free and clear of any Encumbrances, and the original minute books, stock records and corporate records of CSI, (ii) the FCILP Sellers shall sell, convey and transfer to Buyer, and Buyer shall acquire from the FCILP Sellers all of the FCILP Interests free and clear of any Encumbrances (other than Encumbrances under the Controlled Entity Credit Agreements that would be released upon payment of the indebtedness under the Controlled Entity Credit Agreement applicable to FCILP), and (iii) Cooney shall sell, convey and transfer to Buyer, and Buyer shall acquire from Cooney the Tioga Stock free and clear of any Encumbrances, and the original minute books, stock records and corporate records of Tioga.

b. Purchase and Sale of Asset Sellers Assets. At Closing, subject to the terms and conditions set forth in this Agreement, Asset Sellers shall sell, convey, assign, and transfer to Buyer, and Buyer shall acquire from Asset Sellers, free and clear of all Liens (except for Permitted Liens), all right, title and interest in all of the assets and properties, real and personal, tangible and intangible, used or held for use by Asset Sellers in the operation of the Asset Sellers Business and the Asset Sellers Systems (the "Asset Sellers Assets"; provided that Asset Sellers Assets does not include the Tioga Stock), including, without limitation, the following:

i. Equipment. All tangible personal property owned or leased by Asset Sellers and used in connection with the Asset Sellers Systems, including, without limitation, antennae, aboveground and underground cable, distribution systems, headend and line amplifiers, programming signal decoders for each satellite

service which scrambles its signal, housedrops, including disconnected housedrops, utility poles, local origination equipment, vehicles and trailers, microwave equipment, testing equipment, furniture, fixtures, and other physical assets. All vehicles used or held for use in the operation of the Systems (except the ARH Systems) are described on Schedule 2.1(b)(i) and at Closing will be owned by an Asset Seller or an Operating Entity. Schedule 2.1(b)(i) lists all vehicles used in the Systems.

ii. Real Property. All interests in real property used by Asset Sellers in connection with the operation of the Asset Sellers Business, including all interest in, title and rights to improvements, fixtures and appurtenances thereon, owned by Asset Sellers. Schedule 2.1(b)(ii) lists all real property owned by TWF1, TWF2 or an Operating Entity and used in operation of the Systems (the "Owned Real Property"). Schedule 2.1(b)(ii) lists all material real property leased by TWF1 or TWF2 or an Operating Entity and used or held for use in the operation of the Systems (the "Leased Real Property").

iii. Franchises. Any cable television franchises, related agreements, ordinances, permits, instruments, resolutions or other authorizations, issued to or granted to the Asset Sellers by any Franchising Authority, including amendments thereto and renewals or modifications thereof authorizing the construction or operation of the Asset Sellers Systems (individually an "Asset Sellers Franchise" and collectively, the "Asset Sellers Franchises"). All of the cable television franchises relating to the Systems are listed on Schedule 2.1(b)(iii), which Schedule will be revised at or before Closing to designate those Franchises to be held at Closing by the Asset Sellers and those held by Controlled Entities.

iv. Licenses. The cable television relay service (CARS), business radio and other licenses, authorizations, FCC Licenses or permits issued by the FCC or any other Governmental Authority used in the operation of the Asset Sellers Business that are held by Asset Sellers and in effect as of the date hereof or entered into or obtained by Asset Sellers in the ordinary course of business between the date hereof and the Closing Date, (the "Asset Sellers Licenses").

v. Contracts. The private easements or rights of access, contractual rights to easements, Capacity Licenses, Pole Attachment Agreements or joint line agreements, tower space lease agreements, advertising agreements, underground conduit agreements, crossing agreements, bulk and commercial service agreements, retransmission consent agreements and must-carry requests, high-speed data and similar agreements, and all other agreements, written or oral (including any amendments and other modifications thereto) to which any Asset Seller is a party or which affect the Asset Sellers Assets, the Asset Sellers Business, or the Asset Sellers Systems in

effect as of the date hereof or entered or obtained in the ordinary course of business between the date hereof and the Closing Date as permitted by this Agreement (other than Asset Sellers Excluded Assets) (the "Asset Sellers Contracts").

vi. Accounts Receivable. All Accounts Receivable of the Asset Sellers.

vii. Recent Purchase Agreements. Asset Sellers' rights under the Recent Purchase Agreements and any escrow arrangements thereunder, to the extent the same relate to Systems acquired by Buyer hereunder.

viii. Goodwill. The goodwill associated with the Asset Sellers Business.

ix. Books and Records. All engineering records, files, data, drawings, blueprints, schematics and maps, if any, of the Asset Sellers Systems.

Section 2.2 Excluded Assets.

a. Controlled Entity Excluded Assets. Notwithstanding the provisions of Sections 2.1 or 5.5, the Controlled Entity Assets shall not include the following, which shall be either terminated by the Controlled Entities prior to or at Closing or assigned by the Controlled Entities to another entity at or prior to Closing (the "Corporations Excluded Assets"):

i. The Controlled Entities' programming agreements, and the Road Runner Contracts, which at or prior to Closing shall be either terminated by the Controlled Entities or assigned by the Controlled Entities to an Affiliate of a Seller but not to a Controlled Entity or an Asset Seller;

ii. Bonds, letters of credit, surety instruments, and other similar items maintained by the Controlled Entities (any of the same maintained by the Controlled Entities will be terminated at Closing);

iii. The Controlled Entities insurance policies, which will be terminated at Closing; and any insurance policies and rights and claims thereunder, including any keyman life insurance policies and any life insurance insuring the life of Robert C. Fanch;

iv. Subject to the provisions of Section 3.3, the trade names "CableComm" and "ConnectTV" and variations thereof; and

v. All assets located in Denver, Colorado including the Oracle computer system (including hardware) in Denver,

Colórado used by certain Operating Entities for accounting, payroll and similar functions.

b. Asset Sellers Excluded Assets. Notwithstanding the provisions of Section 2.1, the Asset Sellers Assets shall not include the following, which shall be retained by Asset Sellers (the "Asset Sellers Excluded Assets" and, together with the Controlled Entity Excluded Assets, the "Excluded Assets"):

i. the Road Runner Contracts, and all programming agreements of Asset Sellers except the high-speed data and similar agreements listed on Schedule 2.2(b)(i);

ii. bonds, letters of credit, surety instruments, and other similar items;

iii. cash and cash equivalents of Asset Sellers;

iv. equipment owned by customers of the Asset Sellers Business, such as converters purchased by customers and house wiring;

v. the account books of original entry, general ledgers and financial records of Asset Sellers used in connection with the Asset Seller Systems, provided, however, that Asset Sellers shall (i) from time to time upon reasonable notice from Buyer, provide to Buyer access to and copies of any of such books and records as then may be in Asset Sellers' possession if required by Buyer for business purposes, and (ii) retain possession of such books and records for a reasonable period, not to exceed three (3) years from the Closing Date;

vi. subject to the provisions of Section 3.3, Asset Sellers' trademarks, trade names, service marks, service names, logos, and similar proprietary rights, including the names "CableComm" and "ConnectTV";

vii. promissory notes; and

viii. any right to a rebate for overfunding of health insurance plans.

Section 2.3 Assumed and Retained Obligations and Liabilities.

a. Assumed Obligations and Liabilities. Subject to the terms and conditions of this Agreement, from and after the Closing Date, the Controlled Entities shall remain solely liable for all of their liabilities and obligations, and Buyer shall assume, pay, discharge, and perform the following obligations and liabilities of Sellers (the "Assumed Obligations and Liabilities"):

i. those obligations and liabilities attributable to periods on or after the Closing Date that arise out of or relate to the Ownership Interests, the Asset Sellers Franchises, Asset Sellers Licenses, Asset Sellers Contracts, Asset Sellers Assets, Asset Sellers Systems, or Asset Sellers Business, and those that arise out of or relate to the Recent Purchase Agreements;

ii. All obligations and liabilities under the Capacity Licenses;

iii. All obligations and liabilities under the Social Contract relating to the Systems;

iv. All obligations and liabilities under the ARH Purchase Agreement, unless the same has been terminated at the date of Closing;

v. the obligations and liabilities through and including December 31, 2000 under the billing services agreement by which CSG provides billing services to certain Systems;

vi. other obligations and liabilities of Asset Sellers (including those used in computing the Current Items Amount) for which there shall be a reduction in the Purchase Price with respect thereto pursuant to Section 2.6;

vii. all obligations and liabilities arising out of or relating to the ownership of the Asset Sellers Assets, the Ownership Interests or the Stock and/or operation of the Systems and the Business after the Closing Date excluding Taxes the Entity Sellers, Hornell and Tioga owe as a result of their ownership of the Ownership Interests before Closing and as a result of the consummation of the transactions contemplated in Section 7.2(i); and

viii. all obligations and liabilities arising out of or relating to the Assets, the Stock or the Ownership Interests, and/or operations of the Systems or the Business on or prior to the Closing Date (including without limitation any accrued or incurred claims pursuant to any employee benefit plans or compensation plans) to the extent the same exceed the limit of Sellers' indemnification liability to Buyer under Article XI hereof, excluding Taxes the Entity Sellers, Hornell and Tioga owe as a result of their ownership of the Ownership Interests before Closing and as a result of the consummation of the transactions contemplated in Section 7.2(i).

b. Retained Obligations and Liabilities. The following obligations and liabilities arising out of or relating to the Asset

Sellers Assets and the Asset Sellers Business other than the Assumed Obligations and Liabilities shall remain and be the obligations and liabilities of Asset Sellers (collectively, the "Retained Obligations and Liabilities"):

i. To the extent of the limit of Asset Sellers' indemnification obligation under Article XI hereof, all obligations and liabilities arising before the Closing Date with respect to the Asset Sellers Assets and the Asset Sellers Business excluding, however, obligations and liabilities included in the Current Items Amount; and

ii. all obligations and liabilities arising out of or with respect to the Excluded Assets.

Notwithstanding anything to the contrary, "Retained Obligations and Liabilities" does not include any obligations or liabilities of the Controlled Entities, all of which (including without limitation obligations under the TWF1 Distribution Agreement and the TWF2 Distribution Agreement and any Capacity License Agreement to which a Controlled Entity is a party or under which a Controlled Entity is bound) shall remain the sole obligations of the Controlled Entities.

Section 2.4 Purchase Price.

a. Purchase Price. As consideration for its purchase of the Asset Sellers Assets and the Ownership Interests, Buyer shall pay to Sellers (allocated among Sellers as provided at subsection (d) of this Section 2.4) a total price of Two Billion Four Hundred Million Dollars (\$2,400,000,000), which amount shall be subject to adjustment under certain circumstances as set forth herein (the "Purchase Price").

b. Payment for Ownership Interests.

(I) The Purchase Price shall be (A) reduced by the long-term liabilities of CSI and current maturities of long-term debt, computed under GAAP as of Closing (the "CSI Liabilities"); and (B) increased by cash, marketable securities and cash equivalents of CSI as of Closing. Such reduction shall be allocated to the portion of the Purchase Price allocable to the CSI Stock.

(II) The Purchase Price shall be (A) reduced by the long-term liabilities of FCILP and current maturities of long-term debt on a consolidated basis, computed under GAAP as of Closing, including Hornell and ARH (the "FCILP Liabilities"); and (B) increased by cash, marketable securities and cash equivalents of FCILP, Hornell and ARH as of Closing. Such reduction shall be allocated to the portion of the Purchase Price allocable to the FCILP Interests.

(III) The Purchase Price shall be (A) reduced by long-term liabilities of Tioga and current maturities of long-term debt, computed under GAAP as of Closing (the "Tioga Liabilities"); and (B) increased by cash, marketable securities and cash equivalents of Tioga as of Closing. Such reduction shall be allocated to the portion of the Purchase Price allocable to the Tioga Stock

c. Payment of Purchase Price. (I) At Closing, Buyer shall pay to Sellers the Purchase Price, adjusted under Sections 2.4(e) and 2.7 hereof, and adjusted for the Entity Sellers under clause (6) above, plus or minus the Current Items Amount of the Asset Sellers and the Controlled Entities as calculated and estimated in the Initial Adjustment Certificate, less the Indemnity Escrow Amount that shall be deposited at Closing by Buyer into the indemnity escrow account established pursuant to Section 2.5 below.

d. Purchase Price Allocation.

(1) The allocation (the "Allocation") of the aggregate amount of the Purchase Price among the CSI Stock, the Tioga Stock, the FCILP Interests and the Asset Sellers Assets of each Asset Seller is as follows for this purpose Post and NTC shall be aggregated as one Seller Group, and the CSI Stock and FNCSI Assets shall be aggregated:

FCILP Interests	\$1,820,014,844
Cooney Assets	\$ 53,116,817
Tioga Stock	\$ 3,979,189
Master Assets	\$ 344,179,745
Twain Assets	\$ 19,111,911
CSI Stock and FNCSI Assets	\$ 40,209,376
NTC and Post	\$ 80,192,809
Spring Green	\$ 39,195,309

Sellers may modify the Allocation at or before Closing; provided that such modification shall be in writing, delivered to Buyer no fewer than ten (10) days prior to Closing, and shall be subject to Buyer's consent, which consent shall not be unreasonably withheld.

(2) For purposes of this Section 2.4(d)(2), Purchase Consideration shall equal \$2,400,000,000 plus any liabilities assumed by Buyer pursuant to Section 2.3 of this Agreement to the extent such liabilities have not been taken into account as an adjustment to Purchase Price pursuant to Section 2.4(b) or otherwise in this Agreement (other than pursuant to Section 2.8), and provided such liabilities are properly taken into account under Section 1060 of the Code. The Purchase Consideration allocable to the Asset Sellers Assets of each Asset Seller shall be further allocated among the Asset Sellers Assets of each such Asset Seller in an allocation agreement (the "Allocation Agreement") to be

prepared in accordance with the rules under Section 1060 of the Code, and (B) the aggregate amount of the Purchase Consideration allocable to the FCILP Interests (the "FCILP Purchase Consideration") shall be allocated in such Allocation Agreement among the FCILP Systems, the stock of Hornell (the "Hornell Stock"), and if applicable, the ARH Stock, in accordance with the rules under Sections 743(b), 751, 755 and 1060 of the Code, where applicable; provided that the amount allocated to the ARH Stock will be \$89,888,974. Sellers shall deliver a draft of the Allocation Agreement to the Buyer at least sixty (60) days prior to the Closing Date for approval and consent, and Buyer and the Sellers shall use Commercially Reasonable Efforts to mutually agree upon the Allocation Agreement prior to the Closing Date. In this regard, Buyer and Sellers agree that for purposes of such Allocation Agreement (A) each Asset Sellers Asset that is a tangible asset shall be allocated that portion of the Purchase Consideration equal to its tax basis, reflecting all tax depreciation and retirements and additions through the Closing Date, and any remaining amount of the Purchase Consideration allocable to the Asset Sellers Assets of each Asset Seller shall be allocated to such Asset Sellers Franchises, and (B) each asset of the FCILP Systems that is a tangible asset shall be allocated that portion of the FCILP Purchase Consideration equal to its tax basis reflecting all tax depreciation and retirements and additions through the Closing Date and any remaining amount of the FCILP Purchase Consideration not otherwise allocable to the Hornell Stock or the ARH Stock shall be allocated to the Controlled Entity Franchises comprising the FCILP Systems. Neither Buyer nor the Sellers shall unreasonably withhold its approval and consent with respect to the Allocation Agreement. Buyer and the Sellers agree that the Allocation Agreement shall be amended to reflect any adjustments determined under Section 2.8 of this Agreement. Unless otherwise required by applicable law, Buyer and the Sellers agree to act, and cause their respective affiliates to act, in accordance with the computations and allocations contained in the Allocation Agreement in any relevant Tax Returns or similar filings (including any forms or reports required to be filed pursuant to Section 1060 of the Code ("1060 Forms")), to cooperate in the preparation of any 1060 Forms, to file such 1060 Forms in the manner required by applicable law and to not take any position inconsistent with such Allocation Agreement upon examination of any tax refund or refund claim, in any litigation or otherwise.

e. Reimbursement for Certain Capital Expenditures. If Closing occurs after December 31, 1999, then at Closing, in addition to the Purchase Price, Buyer shall reimburse Sellers for Capital Expenditures, other than maintenance Capital Expenditures, made by the Operating Entities after December 31, 1999; provided that Sellers shall not make rebuild Capital Expenditures after December 31, 1999 without approval of Buyer, which approval shall not be unreasonably withheld.

Section 2.5 Indemnity Escrow.

On the Closing Date Buyer shall pay the aggregate sum of \$25,000,000 ("Indemnity Escrow Amount") to the Escrow Agent to be held under an Indemnity Escrow Agreement in the form attached hereto as Exhibit A ("Indemnity Escrow Agreement"). Notwithstanding anything herein to the contrary, the liability under the Indemnity Escrow Agreement shall be limited to the following amounts for each of the following Seller or groups of Sellers (each a "Seller Group"): the FCILP Sellers; Cooney; Master; FKGP and FNCSI (the "Kansas Sellers"); NTC and Post ("Texas Sellers"); Twain; and Spring Green

<u>Seller Group</u>	<u>Indemnity Limit</u>
FCILP Sellers	\$25,000,000
Cooney	\$ 2,461,098
Master	\$14,835,714
Twain	\$ 823,810
Texas Sellers	\$ 3,456,675
Spring Green	\$ 1,689,496
Kansas Sellers	\$ 1,733,207

The foregoing amounts for each Seller Group is referred to herein as the "Indemnity Limit" for that Seller Group. The Indemnity Escrow Amount shall be paid in accordance with the terms of the Indemnity Escrow Agreement. All fees, costs and expenses of the Escrow Agent to be paid pursuant to the Indemnity Escrow Agreement shall be payable by Buyer.

Section 2.6 Current Items Amount.

In addition to the payment by Buyer of the Purchase Price, Buyer or Sellers, as appropriate, shall pay to the other the net amount of the adjustments and prorations effected pursuant to Sections 2.6(a), (b), (c), (d) and (e) (collectively, the "Current Items Amount").

a. Accounts Receivable. Sellers shall be entitled to a credit in an amount equal to (i) 100% of accounts receivable of the Operating Entities arising from advertising sales and tower rentals, (ii) one hundred percent (100%) of the face amount of all Eligible Accounts Receivable that are one month or less past due as of the Closing Date, (iii) ninety-seven percent (97%) of the face amount of all Eligible Accounts Receivable that are more than one month but not more than two months past due as of the Closing Date, (iv) seventy-five percent (75%) of the face amount of all Eligible Accounts Receivable that are more than two months but not more than three months past due as of the Closing Date and (v) zero percent (0%) of the face amount of Eligible Accounts Receivable that are

more than three months past due as of the Closing Date. "Eligible Accounts Receivable" shall mean accounts receivable of the Operating Entities resulting from their provision of cable television and/or data service (excluding receivables from sale of advertising or lease of tower space) prior to the Closing Date. Eligible Accounts Receivable does not include receivables in respect of programming launch fees.

b. Advance Payments and Deposits. Buyer shall be entitled to a credit in an amount equal to the aggregate of (i) all refundable deposits of subscribers of the Systems as of the Closing Date, for converters, decoders, and similar items, and (ii) the appropriate portion of all payments received by the Operating Entities prior to Closing for services to be rendered by Buyer after the Closing Date. Buyer shall not be entitled to a credit for any amounts paid to an Operating Entity under a Capacity License Agreement except to the extent that the Operating Entity has an obligation to undertake expenditures thereunder for which it has been paid prior to closing which will be set forth on a schedule to be delivered at Closing to Buyer by Sellers.

c. Expenses. As of the Closing Date, the following expenses of the Operating Entities (the "Expenses") shall be prorated, in accordance with GAAP, according to the principle that all such Expenses for periods prior to the Closing Date shall be for the account of Sellers, and all such expenses for periods after the Closing Date shall be for the account of Buyer:

i. Franchise fees, and periodic rental or license fees under the Licenses and Contracts;

ii. Property taxes assessed on the Assets;

iii. Sales tax imposed on the provision of cable television service (but specifically excluding sales and transfer taxes imposed on the sale of Asset Sellers Assets and Stock pursuant to this Agreement);

iv. Accrued vacation pay of System employees;

v. Expenses for utilities, rents and service charges, and other goods or services furnished to the Business;

vi. copyright fees based on signal carriage by the Systems;

vii. FCC annual fees for the year in which Closing occurs (which are prepaid one year in advance); and

viii. Except as provided herein, all other expenses properly allocable to the Systems under GAAP.

Provided, however, that any Expenses payable under or with respect to any Excluded Asset shall not be prorated, nor shall there be a proration of programming launch fees received by the Operating Entities prior to Closing or receivable by the Operating Entities for programming launches made before Closing (all of which payments and receivables will be retained by Sellers). Buyer will not be obligated after Closing to continue the carriage of any programming carried by the Systems prior to Closing except for certain local programming carriage obligations and obligations to carry off-air programming under must-carry rules and retransmission consent agreements and provided that Buyer may be required to continue carriage of MTV and A&E in the Systems owned by CSI, FNCSI and Mark Twain.

d. Certain Prepaid Amounts. The Purchase Price shall be increased by that portion of any prepayments by the Operating Entities of rents, fees, and other expenses to the extent allocable to periods after the Closing Date, including without limitation fees and commissions paid to non-affiliated tower rental agents before Closing but benefitting periods after Closing in respect of tower rental agreements pursuant to which any of the Operating Entities rent to a third party space on towers owned by an Operating Entity; such fees and commissions shall be deemed expensed ratably over the period of the applicable tower space license.

Section 2.7 Subscriber Adjustment

If at the Closing Date the Systems have fewer EBU's than the Threshold EBU Number, then the Purchase Price shall be reduced by an amount (the "Subscriber Adjustment") equal to the lesser of (i) the excess of the Threshold Subscriber Number over the number of Applicable EBU's at Closing times the EBU Adjustment Factor, or (ii) \$114,275,000 (\$110,430,000 if the ARH Stock is not owned by FCILP at Closing). The Subscriber Adjustment, if any, shall be borne by the respective Sellers as the Sellers may agree. In no event, however, shall this alter the Buyer's obligations pursuant to Section 2.4(d), or the condition set forth at Section 7.1(1).

Section 2.8 Closing Adjustments.

a. The Initial Adjustment Certificate. No later than ten (10) days prior to the Closing Date, Sellers shall deliver to Buyer Sellers' estimate as of the Closing Date ("Initial Adjustment Certificate") certified by Sellers and prepared in good faith and consistent with GAAP (except that obligations relating to program launch fees shall not be included as a liability) setting forth the number and calculation of EBU's and all adjustments including the Current Items Amount and Subscriber Adjustment, and the Capital Expenditure amount under Section 2.4(e), if any, proposed to be made at the Closing as of the Closing Date. Prior to Closing,

Sellers shall provide Buyer or Buyer's representative with copies of all books and records as Buyer may reasonably request for purposes of verifying the Initial Adjustment Certificate and Sellers shall make a representative of Sellers available at Sellers' offices to meet with Buyer's accountants and other representatives. The Initial Adjustment Certificate shall be used to determine adjustments to the Purchase Price at Closing.

b. Trueup of Current Items Amount. As soon as practicable after the Closing Date, and in any event within ninety (90) days after the Closing Date, Buyer shall deliver to Sellers a final calculation calculated as of the Closing Date, of the Current Items Amount and the Subscriber Adjustment, if any, and the Capital Expenditure amount under Section 2.4(e), if any, together with such supporting documentation as Sellers may reasonably request, in a certificate prepared consistently with GAAP (the "Final Adjustment Certificate"), which shall evidence in reasonable detail the nature and extent of each calculation. The Final Adjustment Certificate shall be final and conclusive unless objected to by Sellers in writing within thirty (30) days after delivery. Sellers and Buyer shall attempt jointly to reach agreement as to the amount of the Current Items Amount and Subscriber Adjustment within forty-five (45) days after receipt by Buyer of such written objection by Sellers, which agreement, if achieved, shall be binding upon both parties to this Agreement and not subject to dispute or review. If Sellers and Buyer cannot reach agreement as to the amount of the closing adjustments within such forty-five (45) day period, Sellers and Buyer agree to submit promptly any disputed adjustment to Ernst & Young in Denver, Colorado, which shall resolve the disputed items, and whose decision shall be binding. All costs and expenses of Ernst & Young LLP for its services rendered in connection with this Section 2.8 shall be borne one-half by Sellers and one-half by Buyer. Any amounts due Buyer or Sellers for closing adjustments shall be paid by the party owing such amount by wire or accounts transfer of immediately available funds to an account designated by the party to be paid (or, to the extent disputed amounts are held by the Escrow Agent, shall be paid by the Escrow Agent pursuant to joint written instructions of Buyer and Sellers in accordance with such final resolution) not later than five (5) Business Days after such amounts shall have become final and conclusive. Any amount which becomes payable pursuant to this Section 2.8 will constitute an adjustment to the Purchase Price for all purposes.

ARTICLE III. RELATED MATTERS

Section 3.1 HSR Act Compliance.

As soon as practicable after the execution of this Agreement, and in any event within thirty (30) days after the date of this Agreement (or, if later, five (5) days after the approval set forth at Section 7.2(g) has been obtained), Buyer and Sellers shall each file all required notifications under the HSR Act; each such filing shall request early termination of the waiting period imposed by the HSR Act. Buyer on the one hand and Sellers on the other hand shall each pay one half of all filing fees required thereby. Thereafter Buyer and Sellers shall use commercially reasonable efforts to promptly comply with all requests for additional information and shall diligently pursue termination of the waiting period under the HSR Act and procurement of all required consents thereunder.

Section 3.2 Bulk Sales.

Buyer and Sellers each waive compliance by the other with all bulk sales Legal Requirements applicable to the transactions contemplated hereby; provided that in the event that any Franchise shall require otherwise, Buyer and Sellers will comply with the bulk sales Legal Requirements applicable to such Franchise.

Section 3.3 Use of Names and Logos.

For a period of one hundred eighty (180) days after Closing, Buyer shall be entitled to use the trademarks, trade names, service marks, service names, logos, and similar proprietary rights of the Operating Entities to the extent incorporated in or on the Assets. Thereafter Buyer shall cease any use of such trademarks, trade names, service marks, service names, logos, and similar proprietary rights of the Operating Entities, provided that Buyer shall not be required to remove the foregoing from and Equipment maintained in the possession of any subscriber at any time, and provided further that Buyer shall have all of CSI's rights, if any, in the names "Cable Systems, Inc." and "CSI", all of Hornell's rights, if any, in the name "Hornell", all of Tioga's rights in the name "Tioga", and (if the closing of the purchase of the ARH Stock has been completed) all of ARH's rights, if any, in the name "ARH".

Section 3.4 Transfer Taxes.

Any sales, use, transfer, and similar taxes (other than income taxes of Sellers attributable to periods prior to Closing or income taxes imposed on any income and gain of Sellers arising from the sale of stock and assets pursuant to this Agreement) arising from or payable by reason of the transactions contemplated by this Agreement shall be paid one-half by Buyer and one-half by Sellers. Buyer and Sellers will cooperate in all reasonable respects to prepare and file all necessary Tax Returns and other documentation with respect to all such transfer, documentary, sales, use stamp, registration and other Taxes and fees.

Section 3.5 Sellers' Obligations Several and not Joint

The obligations under the Indemnity Escrow Agreement, the obligations of each of the Sellers under this Agreement, and the representations, warranties and covenants of the Sellers hereunder, are several and not joint, and no Seller is or shall be liable for a breach by another Seller of any obligation, covenant, representation or warranty herein. The representations and warranties of each Asset Seller herein apply only to that Asset Seller and its Systems and Assets, and not to any other Seller or Operating Entity or to any Systems or Assets of any other Seller or Operating Entity. The representations and warranties herein relating to CSI or the assets of CSI are made only by FKGP and not by any other Seller. The representations and warranties herein relating to FCILP or the FCILP Interests or Hornell or ARH are made only by the FCILP Sellers and not by any other Seller. The representations and warranties herein relating to Tioga or its assets are made only by Cooney not by any other Seller.

Section 3.6 CSI's Interest In FNCSI

Prior to or at Closing, at Sellers' option, Sellers, with the approval of Buyer which may not be unreasonably withheld, may amend the agreement of limited partnership of FNCSI to reduce CSI's interest in distributions from FNCSI to one hundredth of one percent.

ARTICLE IV BUYER'S REPRESENTATIONS AND WARRANTIES

Buyer represents and warrants to Sellers as follows:

Section 4.1 Organization of Buyer.

Buyer is a corporation duly organized, validly existing, and in good standing under the laws of the State of Delaware, and has all requisite power and authority to own and lease the properties and assets it currently owns and leases and to conduct its activities as such activities are currently conducted. Buyer is qualified to do business and in good standing, in all jurisdictions in which the nature of the business conducted by it makes such qualification necessary.

Section 4.2 Authority.

Buyer has all requisite corporate power and authority to execute, deliver, and perform this Agreement and the other Transaction Documents to which it is a party and consummate the

transactions contemplated by this Agreement and the other Transaction Documents to which it is a party. The execution, delivery, and performance of this Agreement and each other Transaction Document to which it is a party and the consummation of the transactions contemplated by this Agreement and each Transaction Documents to which Buyer is a party have been duly and validly authorized by all necessary corporate, action on the part of Buyer. This Agreement has been, and the other Transaction Documents to which Buyer is a party will be at the Closing, duly and validly executed and delivered by Buyer, and this Agreement and each of the other Transaction Documents to which Buyer is a party constitutes and will constitute on or prior to Closing the valid and binding obligation of Buyer, enforceable against Buyer in accordance with their respective terms, except as may be limited by applicable bankruptcy, insolvency or similar laws affecting creditors' rights generally or the availability of equitable remedies.

Section 4.3 No Conflict; Required Consents.

Except for approval under the HSR Act, and except as set forth on Schedule 4.3, and the filing by Buyer with the Securities and Exchange Commission of any reports required to be filed in connection with the consummation of the transactions contemplated hereby the execution, delivery, and performance by Buyer of this Agreement and the other Transaction Documents to which it is a party, and the consummation of the transactions contemplated herein, do not (i) conflict with or violate any provision of the articles of incorporation or bylaws of Buyer, (ii) violate any provision of any Legal Requirement, (iii) assuming receipt of the consents set forth on Schedule 4.3, conflict with, violate, result in a material breach of, or constitute a material default under any agreement to which Buyer is a party or by which Buyer or the assets or properties owned or leased by it are bound or affected, or (iv) assuming receipt of the consents set forth on Schedule 4.3, require any consent, approval, or authorization of, or filing of any certificate, notice, application, report, other document with, any Governmental Authority or other Person. Notwithstanding the foregoing, Buyer makes no representation or warranty regarding any of the foregoing that may result from the specific legal or regulatory status of any Seller or as a result of any other facts that specifically related to the business or activities in which Seller is or proposes to be engaged other than the cable television business.

Section 4.4 Litigation.

Except for any Litigation as may affect the cable television industry (national or regional) generally there is no Litigation pending or, to Buyer's knowledge, threatened by, against,

affecting, or relating to Buyer or any of its Affiliates in any court or before any Governmental Authority or any arbitrator that, if adversely determined, would restrain or materially hinder or delay the consummation of the transactions contemplated by this Agreement and the Transaction Documents, or cause any of such transactions to be rescinded, or impair Buyer's ability to complete the transactions contemplated hereby or thereby.

Section 4.5 Finders and Brokers.

Buyer has not incurred any liability for any financial advisory, brokerage, finder's or similar fee or commission, for which Sellers will in any way have any liability in connection with the transactions contemplated by this Agreement.

Section 4.6 Financial Statements

Buyer has delivered to Sellers true copies of Buyer's financial statements as of March 31, 1999.

Section 4.7 Full Access.

Buyer's representatives have received access to Sellers' books and records, the Assets, and the facilities of the Systems to the extent reasonably requested by Buyer, and Sellers have cooperated with Buyer to the end that Buyer has been able to conduct its own inspection and investigation of the Systems and the Assets to Buyer's reasonable satisfaction and has independently investigated, analyzed and appraised the condition, value, prospects and profitability thereof and performed such other presigning due diligence in connection with the transactions contemplated by this Agreement in accordance with the normal practice of Buyer.

ARTICLE V SELLERS' REPRESENTATIONS AND WARRANTIES

Subject to Section 3.5 hereof, Sellers represent and warrant to Buyer, as of the date of this Agreement, as follows; provided that (i) Sellers make no warranties concerning the ARH Systems, and the term "Systems" as used in this Article V shall be deemed to exclude the ARH Systems, provided further that certain Schedules attached hereto include information regarding ARH that Sellers have provided based solely on information provided by ARH:

Section 5.1 Organization and Qualification of Sellers.

a. Each Seller that is not a natural person and each Operating Entity is an entity duly organized and validly existing under the laws of the state of its formation.

b. Each Operating Entity has all requisite partnership, corporate or limited liability company power and authority to own, lease and use the Assets owned by it and to conduct its Business as it is currently conducted.

c. Except as would not have a Material Adverse Effect, each of the Operating Entities is duly qualified to do business and validly existing and in good standing as a foreign limited partnership or corporation in each state where Systems owned by it are located.

Section 5.2 Power; Capacity; Authority; No Conflict.

a. Each of the Sellers has all requisite corporate (where the Seller is a corporation), limited liability company (where the Seller is a limited liability company), or partnership (where the Seller is a partnership) power and authority to execute, deliver, and perform this Agreement and each other Transaction Document to which it is a party and consummate the transactions contemplated hereby and thereby. Each Seller who is a natural person has the legal capacity to execute, deliver and perform this Agreement and each other Transaction Document to which it is a party. The execution, delivery, and performance of this Agreement and each other Transaction Document to which a Seller is a party and the consummation of the transactions contemplated by this Agreement and each other Transaction Document to which a Seller is a party have been duly and validly authorized by all necessary partnership or corporate action on the part of Sellers. This Agreement and each other Transaction Document to which a Seller is a party has been or will be at the Closing, duly and validly executed and delivered by Sellers, and this Agreement and each other Transaction Document to which a Seller is a party constitute and will constitute at the Closing, the legal, valid, and binding obligation of Sellers, enforceable against Sellers in accordance with its terms, except as may be limited by applicable bankruptcy, insolvency or similar laws affecting creditors rights generally or the availability of equitable remedies.

b. The execution, delivery, and performance by Sellers of this Agreement and each other Transaction Document to which they are a party do not (i) conflict with or violate any provision of the limited partnership agreement, operating agreement, or articles of incorporation, bylaws, or declaration of trust as the case may be, of Sellers or any Operating Entity, (ii) conflict with, violate, result in a breach of, or constitute a default under (except for the requirement that certain consents of parties to the Franchises, real estate leases and Contracts be obtained to either (A) assign the same to Buyer or (B) permit a change in control of the Controlled Entities), permit or result in the termination, suspension or modification of any Contract, agreement, or

understanding to which any of the Operating Entities is a party or by which any of the Operating Entities or any of the Assets is bound or affected or (iii) result in the creation or imposition of any Lien or other encumbrance against or upon any of the Assets; in each case other than a conflict, violation, breach or default that would not impair the ability of Sellers to perform hereunder and that would not have a Material Adverse Effect.

Section 5.3 Consents

Except for expiration or termination of any applicable waiting period under the HSR Act, and except for the consents set forth on Schedule 5.3, no material consents of Governmental Authorities or, to Seller's knowledge, other third parties are required for the lawful consummation of the transactions contemplated by this Agreement, the TWF1 Distribution Agreement and the TWF2 Distribution Agreement, and the other Transaction Documents. The consents listed on Schedule 5.3 are referred to herein sometimes as "Required Consents", and the consents designated with an asterisk on Schedule 5.3 are referred to herein as the "Mandatory Consents". Except as would not have a Material Adverse Effect, assuming receipt of all consents listed on Schedule 5.3, the consummation of the transactions contemplated in this Agreement and the other Transaction Documents will not: (a) conflict with, constitute grounds for termination of, result in a breach of, constitute a default under, or accelerate or permit the acceleration of any performance required by the terms of any Franchise, Material License (including FCC License), or Material Contract; and (b) will not result in the creation of any Encumbrance upon the Asset Sellers Assets or the Stock. Notwithstanding the foregoing, Sellers make no representation or warranty regarding any of the foregoing that may result from the specific legal or regulatory status of Buyer or as a result of any other facts that specifically relate to the business or activities in which Buyer is or proposed to be engaged other than the cable television business.

Section 5.4 Title to Assets.

(a) Except for Permitted Liens, and Liens securing indebtedness of Asset Sellers described on Schedule 5.4 that will be terminated at Closing, the Entity Sellers will have and convey to Buyer at Closing title to the Ownership Interests free and clear of any Encumbrances or Liens (other than Encumbrances or Liens under the Controlled Entity Credit Agreements) and other than restrictions on transfer imposed by Federal and state securities laws. The Ownership Interests constitute all outstanding equity securities of FCILP, CSI and Tioga; FCILP owns all of the equity securities of Hornell and (assuming the transaction under the ARH Purchase Agreement has been consummated prior to Closing) will own at Closing all equity securities of ARH.

(b) Except for Permitted Liens, Asset Sellers will have and convey to Buyer at Closing good and marketable title to (or, in the case of Asset Sellers Assets that are leased, valid leasehold interests in) and possession of all of the Asset Sellers Assets, free and clear of all Encumbrances or Liens other than Liens that will be terminated, released, removed or satisfied by the Closing Date described on Schedule 5.4.

(c) Except for Permitted Liens, the Controlled Entities have or will have at Closing good and marketable title to or leasehold rights in and possession of all of the Controlled Entity Assets, free and clear of all Liens other than Liens that will be terminated, released, removed or satisfied by the Closing Date described on Schedule 5.4.

(d) The Stock at Closing will be duly issued, fully paid and non-assessable and represents all of the issued and outstanding shares of Capital Stock (or in the case of FCILP, partnership interests) of the Controlled Entities.

(e) None of the Controlled Entities has or will have at Closing any Subsidiaries except that FCILP owns and will own at Closing the Hornell Stock and at Closing will own the ARH Stock if the Closing under the ARH Purchase Agreement has closed.

(f) There are no outstanding options, warrants or similar rights to acquire ownership interests in any of the Controlled Entities except in the case of the ARH Stock, TWF1 under the ARH Purchase Agreement.

Section 5.5 Controlled Entity Assets

a. At Closing, subject to Permitted Liens, the Controlled Entities (other than ARH, as to which no warranty is made) shall possess good and valid title to all assets used or held for use in the operation of the Controlled Entity Systems. At or before Closing, Schedules 2.1(b)(i), 2.1(b)(ii), 2.1(b)(iii), 2.1(b)(iv) and 2.1(b)(v) will be updated to reflect whether the respective Assets will be owned at Closing by a Controlled Entity or an Asset Seller.

b. The Controlled Entity Assets consist of the assets necessary to operate the Controlled Entity Business, except that the Controlled Entity Assets do not include programming contracts, employee benefit plans or the Excluded Assets.

c. The TWF1 Systems are all of the cable television systems to be distributed and/or sold by TWF1 under the TWF1 Distribution Agreement; the TWF2 Systems are all of the cable television systems to be distributed and/or sold under the TWF2 Distribution Agreement; the Asset Seller Assets also include all cable

television systems owned by NTC, Post, Spring Green, FNCSI and Twain as of the date hereof.

Section 5.6 Franchises, Licenses and Contracts.

As of the date hereof, Sellers shall have delivered or made available to Buyer true and complete copies of each of the Franchises, material Licenses (including FCC Licenses), and material Contracts and all amendments, assignments and consents thereto. There has not occurred an uncured default by the Operating Entities nor, to Sellers' knowledge, by any other Person under any of the Franchises, Licenses, or Contracts that would be likely to have a Material Adverse Effect. All FCC licenses used in operation of the Systems except earth station licenses are listed on Schedule 2.1(b)(iv) (collectively the "Licenses"). Schedule 2.1(b)(v) lists all material Contracts used in the operation of the Systems (the "Contracts") other than underground conduit agreements, crossing agreements, bulk and commercial service agreements or other agreements and contracts that are not material to the Business.

Section 5.7 Real Property.

Except as would not have a Material Adverse Effect, the Operating Entities hold or shall hold at Closing valid and marketable title to all material Owned Real Property of the Controlled Entities and the leasehold interests to all material Leased Real Property of the Controlled Entities, in each case free and clear of any Liens, except for Permitted Liens.

Section 5.8 Equipment.

Except for ordinary wear and tear and except as would not have a Material Adverse Effect, all of the Equipment is in good condition and represents all of the Equipment utilized in the operation of the Systems other than Excluded Assets.

Section 5.9 Employee Benefits; Employees.

a. Except as would not have a Material Adverse Effect, (i) neither any Operating Entity nor any Employee Benefit Plan (as defined in the Employee Retirement Income Security Act of 1974, and the rules and regulations thereunder as amended ("ERISA")), maintained by an Operating Entity is in violation of the provisions of ERISA; (ii) no reportable event within the meaning of Sections 4043 of ERISA has occurred and is continuing with respect to any such Employee Benefit Plan; and (iii) no prohibited transaction within the meaning of Title I of ERISA has occurred with respect to any such Employee Benefit Plan. All Employee Benefit Plans are described on Schedule 5.9.

b. Except as set forth in Schedule 5.9, (i) there are no collective bargaining agreements applicable to any Person employed by the Operating Entities that renders services in connection with the Systems or the Business, and (ii) the Operating Entities have no duty to bargain with any labor organization with respect to any such Person. Each of the Operating Entities has fulfilled in all material respects their obligations under the collective bargaining agreements set forth in Schedule 5.9. Except as set forth on Schedule 5.9 or as would not have a Material Adverse Effect, there are not pending any unfair labor practice charges against the Operating Entities, nor is there any demand for recognition or any other request or demand from a labor organization for representative status with respect to any Person employed by the Operating Entities that renders services in connection with the Systems. Seller will keep Buyer reasonably apprised of material developments in any negotiations of collective bargaining agreements after the execution of this Agreement.

c. Except as would not have a Material Adverse Effect, the Operating Entities are in compliance with all applicable Legal Requirements respecting employment conditions and practices, have withheld and paid all amounts required by any applicable Legal Requirements to be withheld from the wages or salaries of its employees, and are not liable for any arrears of wages or any Taxes (other than wages and Taxes that have not become due or payable) or penalties for failure to comply with any of the foregoing.

d. Except for the Consulting Agreement dated January 12, 1988, as amended, between CSI and Eugene Smith, none of the Operating Entities is a party to any written employment agreement relating to employees or consultants of the Business which will constitute an Assumed Obligation or that would bind Buyer after Closing.

e. Sellers have separately delivered to Buyer on a confidential basis a list of the names, titles, job descriptions, and rates of compensation of all of the employees whose duties relate exclusively to the Systems, including the length of time such employee has been so employed, and whether such employee is full time or part time.

f. None of the Operating Entities has an obligation to provide continuing health benefits to retirees.

g. Except as indicated on Schedule 5.9, during the six-year period ending on the Closing Date, none of the Operating Entities has contributed to or been obligated to contribute to a multiemployer plan (as such term is defined in ERISA Section 3(37)). Other than benefits provided through an employee pension benefit plan (as such term is defined in ERISA Section 3(2)) or pursuant to the continuation coverage requirements of ERISA section

601, none of the Operating Entities has made any binding or nonbinding commitment to provide any benefits to any employee of such Operating Entity following such employee's termination of employment with such Operating Entity that would be payable by Buyer. No Operating Entity has any knowledge of any fact that could result in the loss of qualified status of any Employee Benefit Plan sponsored, adopted, or contributed to by any Operating Entity that is intended to be qualified under Code section 401(a).

Section 5.10 Litigation.

Except as set forth on Schedule 5.10 and any Litigation or Judgment affecting the cable television industry generally, and also except for rate complaints or certifications filed by customers or Franchising authorities, as of the date of this Agreement there is no Litigation or Judgment outstanding to which Sellers are bound or pending or, to Sellers' knowledge, threatened, involving or affecting the Operating Entities, any of its Affiliates, directors, officers, employees or agents, the Systems, or the Assets which, if adversely determined, would be likely to have a Material Adverse Effect. There is no action, suit, proceeding or investigation to restrain, prohibit or otherwise challenge the legality or propriety of the transactions contemplated by this Agreement or materially hinder or delay the consummation of the transactions contemplated by this Agreement or the other Transaction Documents pending, or to Sellers' knowledge, threatened against Sellers as of the date hereof.

Section 5.11 Taxes.

a. The Operating Entities have as of the date hereof, and will have as of the Closing Date, timely filed all Tax Returns and all other reports that are required to be filed as of the date hereof, or which are required to be filed on or before the Closing Date, as the case may be. All such Tax Returns were and will be prepared in good faith.

b. Except as set forth on Schedule 5.11, all Taxes due and payable by the Operating Entities on or before the date hereof or the Closing Date, as the case may be, have been or will be timely paid, or properly accrued, except to the extent any such Taxes are being contested in good faith by appropriate proceedings by the Operating Entities.

c. Notwithstanding anything herein to the contrary, except for the warranty at subsection (a) of this Section 5.11, Sellers make no representations or warranties regarding the income taxes paid and income tax returns filed by Hornell, Tioga or ARH prior to the Closing Date. Sellers shall have no liability or obligation in respect of any restatement of any such tax returns of Hornell, Tioga or ARH or any audit of any such tax returns of Hornell,

Tioga or ARH or any other matters concerning such tax returns.

d. CSI has delivered to Buyer true, correct and complete copies of all Tax Returns in the form filed) required to be filed by CSI on or prior to the Closing Date. The Financial Statements reflect an adequate reserve in accordance with GAAP (without regard to any amounts reserved for deferred taxes) for all material unpaid Taxes payable by CSI for all Tax periods and portions thereof through the date of such Financial Statements.

e. Except as disclosed in Section 5.11, CSI has not executed any waiver or extensions of any statute of limitations on the assessment or collection of any Tax or with respect to any liability arising therefrom. Except as disclosed in Schedule 5.11, none of the federal, state or local income Tax Returns filed by CSI during the prior three years has been audited by any taxing authority. Except as disclosed in Schedule 5.11, (i) neither the IRS nor any other Governmental Authority has asserted, or to the best knowledge of CSI, threatened to assert any deficiency or claim for additional Taxes against, or any adjustment of Taxes relating to CSI and, to the best knowledge of CSI, no basis exists for any such deficiency, claim or adjustment, and (ii) to the best knowledge of CSI, there are no proposed reassessments of any property owned by CSI that would affect the Taxes of CSI. There are no material Tax liens on any assets of CSI, other than liens for current Taxes not yet due and payable and liens for Taxes that are being contested in good faith by appropriate proceedings and are disclosed on Schedule 5.11.

f. CSI was not included or includible in any consolidated, combined or unitary Tax Return with any entity.

g. CSI has not entered into any compensatory agreements with respect to the performance of services which payment thereunder would result in a non-deductible expense to it pursuant to Section 280G of the Code or an excise Tax to the recipient of such payment pursuant to Section 4999 of the Code. No acceleration of the vesting schedule for any property that is substantially unvested within the meaning of the regulations under Section 83 of the Code will occur in connection with the transactions contemplated by this Agreement.

h. No consent under Section 341(f) of the Code has been filed with respect to CSI.

i. Except for its general partnership interest in FNCSI, CSI has not been at any time during the past ten (10) years a member of any partnership, joint venture or other arrangement or contract which is treated as a partnership for federal, state, local or foreign tax purposes or the holder of a beneficial interest in any trust for any period for which the statute of limitations for any

trust for any period for which the statute of limitations for any Tax has not expired.

j. CSI has withheld or collected and paid over to the appropriate Taxing Authorities or are properly holding for such payment all material Taxes required by law to be withheld or collected.

k. Except as disclosed in Schedule 5.11, there are no tax sharing agreements or similar arrangements with respect to or involving CSI.

l. Except as disclosed in Schedule 5.11, CSI has no (i) income reportable for a period ending after the Closing Date but attributable to a transaction (e.g., an installment sale) occurring in or a change in accounting method made for a period ending on or prior to the Closing Date which resulted in a deferred reporting of income from such transaction or from such change in accounting method (other than a deferred intercompany transaction), or (ii) deferred gain or loss arising out of any deferred intercompany transaction.

Section 5.12 Legal Compliance.

a. The operation of the Systems and the Business is in compliance with all applicable Legal Requirements, including without limitation, the Cable Act and the FCC Regulations, except to the extent that the failure to so comply with any of the foregoing would not have a Material Adverse Effect.

b. Except as would not have a Material Adverse Effect, the Operating Entities have made timely filings under Section 111 of the Copyright Act. Sellers believe that such filings are based on a reasonable interpretation of the Copyright Act and regulations thereunder; except as set forth in this paragraph (b), Sellers make no warranty concerning compliance with the Copyright Act.

Section 5.13 Systems Information.

Schedule 5.13 sets forth with reasonable accuracy and completeness a summary of services offered and rates charged by the Systems as of April 1, 1999 and certain rate regulation information.

Section 5.14 Environmental.

a. None of the Real Property is listed on the National Priorities Lists or the Comprehensive Environmental Response, Compensation, Liability Information System ("CERCLIS"), or is the subject of any "Superfund" evaluation or investigation, or any other investigation or proceeding of any Governmental Authority

evaluating whether any remedial action is necessary to respond to any release of Hazardous Substances on or in connection with the Real Property.

b. To the knowledge of Sellers, except as would not have a Material Adverse Effect, the Operating Entities are in compliance in all material respects with all Legal Requirements with respect to pollution or protection of the environment, including Legal Requirements relating to actual or threatened emissions, discharges, or releases of Hazardous Substances into the ambient air, surface water, ground water, land, or otherwise relating to the manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling of Hazardous Substances.

c. To Seller's knowledge, no claim or investigation based on Environmental Law which relates to any Real Property or any operations or conditions on it (a) has been asserted or conducted during Seller's ownership or is currently pending against or with respect to Sellers or, to Sellers' knowledge, any other Person, or (b) to Sellers' knowledge, is threatened.

d. Within ten (10) days after the date hereof Sellers will advise Buyer whether, to Sellers' knowledge, any underground or above-ground storage tanks are located on real property used by the Systems.

Section 5.15 Financial Information.

a. Sellers have delivered to Buyer correct and complete copies of the audited balance sheets and related audited statements of income of the Operating Entities for the year ended December 31, 1998, other than Twain, whose financial statements are unaudited, and unaudited balance sheets and statements of income for the three (3) months ended March 31, 1999 (the "Financial Statements"). The Financial Statements have been prepared in the ordinary course of business, are based on the books and records of the Sellers, were prepared in all material respects in accordance with GAAP consistently applied and present fairly in all material respects the financial condition and results of operations of the Operating Entities as of the dates and for the periods indicated; except that (i) the March 31, 1999 statements do not include footnotes and are subject to normal recurring year-end adjustments, and (ii) the Financial Statements may not reflect amortization of programming launch fees in accordance with GAAP, and the Financial Statements at and for the year ended December 31, 1998 do not reflect the acquisitions and divestitures described on Schedule 5.15(a). The Financial Statements do not include ARH.

b. Except for conditions affecting the cable television industry as a whole, since December 31, 1998 there has been no material adverse change in the financial condition or operations of the Operating Entities except for the acquisitions and divestitures

described on Schedule 5.15(a).

c. Attached as Schedule 5.15(c) is a summary of the 1999 operating and capital budget of the Operating Entities (excluding ARH).

Section 5.16 Capacity Licenses; Affiliate Transactions.

Schedule 5.16(a) lists (i) the Capacity Licenses, all of which will survive Closing and shall be assumed by Buyer, and (ii) the material agreements between the Operating Entities on the one hand and an Affiliate of a Seller on the other hand, and indicates which of such agreements will be terminated at or before Closing and which will survive Closing. In addition, prior to Closing, if the transaction under the ARH Purchase Agreement is consummated, ARH will enter into a Capacity License with FiberNet, LLC in form substantially identical to the existing Amended and Restated Capacity License Agreement between TWF1 and FiberNet, LLC.

Section 5.17 Bonds.

Schedule 5.17 sets forth the material franchise, construction, fidelity, performance, and other bonds, and amounts outstanding under each, posted by the Operating Entities in connection with the Business. Buyer understands and agrees that at Closing Buyer will be required to replace these bonds with its own bonds, so that the existing bonds will be released promptly after Closing.

Section 5.18 Finders; Brokers and Advisors

Except for fees payable to Affiliates of certain Sellers, and except for the engagement of Waller Capital Corporation, with respect to each of which Sellers shall have sole responsibility for the payment of all amounts owed, Sellers and the Operating Entities have not employed any financial advisory, broker or finder or incurred any liability for any financial advisory, brokerage, finder's or similar fee or commission in connection with the transactions contemplated by its Agreement.

Section 5.19 Intentionally Blank

Section 5.20 Billing Systems

Schedule 5.20 describes in all material respects the billing contractors and systems used by the Systems.

Section 5.21 Overbuilds.

As of the date of this Agreement, except as set forth on Schedule 5.21 there are no material competing activated wired cable television services offered by other cable television operators in the areas actually served by the Systems. To Sellers' knowledge as

of the date hereof, except as set forth on Schedule 5.21 no competing franchises have been issued to other persons to operate cable television systems in the areas served by the Systems (other than county areas where the Systems serve less than the entire county), and to Sellers' knowledge no formal applications to obtain such competing franchises are pending.

Section 5.22 Social Contract

The Systems listed on Schedule 5.22 are the only Systems covered by the Social Contract (the "Social Contract Systems"). Schedule 5.22 sets forth the status as of the date hereof of the Social Contract Systems' compliance with the upgrade requirements of the Social Contract. Sellers will provide Buyer with an update of Schedule 5.22 at the Closing.

Section 5.23 Year 2000

The Operating Entities have adopted and are implementing a program ("Year 2000 Program") to perform due diligence on all material items of technology, computer hardware, software, databases, systems and other equipment owned or used by the Operating Entities in connection with the operation of the Systems ("Material Technology") to determine whether such Material Technology can be used prior to, during and after calendar year 2000 A.D., and will be reasonably expected to operate during each such time period, either on a stand-alone basis, or by interacting or interoperating with third-party Material Technology, without material error relating to processing, calculating, comparing, sequencing or other use of data data (the foregoing ability, "Year 2000 Compliant"). The Year 2000 Program identifies remediation, repair or replacement actions to be taken with respect to any Material Technology which has been or may be identified as not Year 2000 Compliant. The Operating Entities have used Commercially Reasonable Efforts to conduct, or to cause to be conducted, the Material Technology due diligence, remediation, repair or replacement activities at the times and in the manner set forth in the Year 2000 Program, except where the failure to conduct such activities would not have a Material Adverse Effect. Within ten days after the date hereof Sellers will deliver to Buyer a description of the Systems' Year 2000 Program.

Section 5.24 Cure

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

ARTICLE VI COVENANTS

Section 6.1 Certain Affirmative Covenants of Sellers Regarding the Systems.

Except as Buyer may otherwise consent in writing, between the date of this Agreement and Closing (or, if earlier, termination of this Agreement), Sellers shall, and shall cause the Operating Entities to:

- a. Subject to the other provisions of Sections 6.1 and 6.2 hereof, operate the Business substantially in accordance with the Operating Entities' operating and capital budgets as previously provided and attached in summary form as Schedule 5.15(c) (provided that this covenant shall not be construed to be a covenant, warranty or representation that the projected revenues, subscriber numbers, operating margins or cash flow in such budgets will be achieved), in the ordinary course of business consistent with the Operating Entities' past practices; provided that (i) TWF1 or FCILP may complete the acquisition of the ARH Stock, and (ii) Cooney, Master and Tioga may enter into the TWF2 Distribution Agreement, and (iii) FCILP and Hornell may enter into the TWF1 Distribution Agreement. Notwithstanding the forgoing if Sellers do not proceed with cable modem launches and Buyer has consented to the same, such failure by Sellers will not constitute a breach of this covenant.
- b. furnish, and use Commercially Reasonable Efforts to cause its counsel, accountants, representatives and advisors to cooperate, in furnishing to Buyer, such information as is reasonably available to Sellers and is required for Buyer to comply with its disclosure responsibilities under the federal securities laws. Buyer shall pay the reasonable expenses of Sellers incurred in connection therewith. This covenant will survive the Closing.
- c. use Commercially Reasonable Efforts to operate the Business in substantial compliance with applicable Legal Requirements;
- d. use Commercially Reasonable Efforts to preserve the current business organization of the Business intact, including preserving existing relationships with Persons having business with the Business and filing any required documents with any Governmental Authority and filing for renewals of any Franchises in the ordinary course and consistent with past practice;
- e. provide Buyer and its counsel, lenders, accountants, and other representatives reasonable access to the Business, the employees of the Business, the Real Property, the other Assets, and Asset Sellers' and the Controlled Entities' books and records relating to the Business during normal business hours, provided that such access shall not unreasonably disrupt the normal business operations of the Business;

f. deliver to Buyer copies of any unaudited monthly and quarterly financial statements for the Systems regularly prepared by Asset Sellers and the Controlled Entities (subject to availability and confidentiality and nondisclosure constraints in the case of ARH) at any time from the date hereof until Closing (or, if earlier, termination of this Agreement) which will be prepared in all material respects in accordance with GAAP;

g. continue the pricing, marketing, advertising, promotion and other activities with respect to the Business substantially and materially in the normal and ordinary course of business consistent with the Operating Companies' past practices, provided that TWF2 may introduce a tier service in certain Systems in the State of Michigan;

h. consult with Buyer with respect to entering into new retransmission consent agreements with respect to off-air programming carried by the Systems, except for retransmission consent agreements that include no payment obligations and no obligation to carry other programming; and

i. continue to carry and maintain in full force and effect its existing bonds and casualty and liability insurance with respect to the Business through and including the Closing Date, with such changes thereto as may be made in the ordinary course of business.

Section 6.2 Certain Negative Covenants of Sellers.

Except as Buyer may otherwise consent in writing or as otherwise contemplated by this Agreement, between the date hereof and Closing (or, if earlier, termination of this Agreement), Asset Sellers shall not do or cause to be done any of the following and shall cause the Operating Entities not to do any of the following:

a. modify, terminate, suspend or abrogate any Franchise, License or material Contract other than in the ordinary course of business; provided that the Amended and Restated Agreement of Limited Partnership of FCILP may be amended to delete Article XI (dealing with life insurance and related matters) therefrom.

b. sell, assign, lease or otherwise dispose of any of the Assets, unless such Assets are consumed or disposed of in the ordinary course of business or in conjunction with the acquisition of replacement property of equivalent kind and value, or are no longer used or useful in the business or operation of the Systems;

c. except in accordance with past practice, implement any new marketing plans except as set forth in Schedule 6.2 or as consented to by Buyer, such consent not to be unreasonably withheld; provided that Sellers may implement incentive bonus or commission plans for employees and contractors;

d. except in the ordinary course of business, adopt any employee benefit plan or incur debt for borrowed money (except (x) under existing credit arrangements or (y) in connection with the distributions under the TWF1 Distribution Agreement and the TWF2 Distribution Agreement);

e. except in the ordinary course of business, enter into any new material employment agreement, consulting or salary continuation agreement with any officers or employees or grant any increases in compensation or benefits except in accordance with past practice; provided that the Operating Entities may implement and pay stay bonuses for employees and may pay severance to employees not hired by Buyer; or

f. except for a Capacity License Agreement to be entered into with ARH, enter into any new capacity license agreement or similar agreement providing for use of fiber capacity at the Systems, or modify an existing capacity license agreement, with an Affiliate of Sellers except pursuant to existing Capacity License Agreements.

Section 6.3 Employee Matters.

a. Buyer may offer employment to all of the System-based employees of Asset Sellers who perform services with respect to the operations of the Asset Sellers Systems as of the Closing Date, on terms and conditions (including compensation and benefits) at least as favorable to such employees as the terms and conditions of such employees' employment with the Sellers as of the date of this Agreement. Buyer shall recognize the same term of service used by the Operating Companies (or TWF1 and TWF2) for any employee of Asset Sellers hired by Buyer in determining such employee's vacation benefits under Buyer's vacation plan and other employee benefit plans. Buyer also shall permit any former employee of Asset Sellers hired by Buyer (a "Transferred Employee") to participate in Buyer's group health plan without imposing any waiting periods so long as such employee was covered by Asset Sellers' health plan immediately prior to the Closing. To the extent that accrued vacation time is included in the Current Items Amount, Buyer shall permit any Transferred Employee to take any such accrued vacation at whatever times the employee would have been entitled to take such vacation had the employee not left the employ of Asset Sellers, or shall pay such employee for any such accrued vacation time that such employee is not able to take under Buyer's vacation plan. Buyer shall also assume any liability relative to COBRA that the Operating Entities would have been required to satisfy for employees of the Controlled Entities arising on or after the Closing Date.

b. Nothing in this Agreement shall be construed to create any third party beneficiary rights in favor of any person not a

party to this Agreement or to constitute an offer of employment, employment agreement or condition of employment for any of the employees of the Business.

c. Buyer shall notify Sellers at least seventy-five (75) days prior to Closing which employees Buyer will offer employment to; provided that Buyer shall not advise the System employees of its decision more than 30 days prior to Closing, and shall consult with Sellers prior to making any announcement to the employees.

d. Each Transferred Employee shall cease to actively participate in each of Asset Sellers' Employee Benefit Plans (and plans of Sellers' affiliates) for periods on and after the Closing Date. As of the Closing Date, Transferred Employees (and their eligible dependents and beneficiaries) shall be eligible to participate in Buyer's health, retirement, vacation and other Employee Benefit Plans. Buyer shall credit Transferred Employees for length of service used by Asset Sellers and their affiliates for purposes of eligibility and vesting under such plans. Notwithstanding the foregoing, as of and immediately after the Closing, Buyer shall provide (i) the Transferred Employees (and their eligible dependents and beneficiaries) health coverage under plans or programs of Buyer, and (ii) for the waiver under such plans or programs of any pre-existing condition exclusions and waiting periods (except to the extent that such exclusions would have then applied or waiting periods were not satisfied under Asset Seller's health plans).

e. Prior to Closing Buyer shall deliver to Sellers (i) a copy of the most recent IRS determination letter with respect to the qualification of Buyer's defined contribution plan (the "Buyer's Savings Plan"), (ii) a copy of Buyer's Savings Plan and any amendments thereto, including any amendments required under section 411(d)(6) of the Code with respect to the transfer described herein from the Sellers' 401(k) Savings Plan (the "Asset Seller's Savings Plan") to the Buyer's Savings Plan, and (iii) any other documentation reasonably requested by Asset Sellers with respect to the qualification of Buyer's Savings Plan. At Closing Buyer shall permit Asset Sellers to transfer to the trust under the Buyer's Savings Plan the liability for the account balances under the Asset Sellers' Savings Plans of those Transferred Employees who were participants in the Asset Sellers' Savings Plan, together with the cash and securities comprising such account balances, determined as of the regular valuation date of the Asset Seller's Savings Plan that is coincident with or immediately preceding the transfer date. Buyer shall procure as soon as possible all consents and determination letters necessary to complete the foregoing transfers to Buyer's Savings Plan.

f. Buyer shall not, at any time prior to 60 days after the Closing Date, effectuate or permit any Operating Company to effectuate a "plant closing" or "mass layoff" as those terms are

defined in the Worker Adjustment and Retraining Notification Act of 1988 ("WARN") affecting in whole or in part and site of employment, facility, operating unit or employee of an Operating Company, without complying with the notice requirements and other provisions of WARN.

Section 6.4 Confidentiality.

Any nonpublic information that either party ("Recipient Party") may obtain from the other ("Disclosing Party") in connection with this Agreement with respect to the Disclosing Party or the Systems shall be confidential and, unless and until Closing shall occur, Recipient Party shall not disclose any such information to any third party (other than its directors, officers, partners, employees, counsel and representatives of its advisers and lenders whose knowledge thereof is necessary in order to facilitate the consummation of the transactions contemplated hereby) or use such information to the detriment of Disclosing Party; provided that (i) Recipient may use and disclose any such information once it has been publicly disclosed (other than by Recipient Party in breach of its obligations under this Section) or that rightfully has come into the possession of Recipient Party (other than from Disclosing Party), and (ii) to the extent that Recipient Party may become compelled by Legal Requirements to disclose any of such information, Recipient Party may disclose such information if it shall have made all reasonable efforts, and shall have afforded Disclosing Party the opportunity, to obtain an appropriate protective order, or other satisfactory assurance of confidential treatment, for the information compelled to be disclosed. If this Agreement is terminated, Recipient Party shall use all reasonable efforts to cause to be delivered to Disclosing Party, and retain no copies of, any documents, work papers and other materials obtained by or on the behalf of Recipient Party from Disclosing Party, whether so obtained before or after the execution hereof. The rights and obligations of Buyer and Sellers under this Section 6.5 shall survive Closing or the termination of this Agreement indefinitely. Notwithstanding the foregoing, the following will not constitute a part of the information for the purposes of this Section:

- a. information that a party can show was known by the Recipient Party prior to the disclosure thereof by the Disclosing Party;
- b. information that is or becomes generally available to the public other than as a result of a disclosure directly or indirectly by the Recipient Party in breach of this Section 6.4;
- c. information that is independently developed by the Recipient Party;

d. information that is or becomes available to the Recipient Party on a non-confidential basis from a source other than the Disclosing Party, provided that such source is not known by the Recipient Party to be bound by any obligation or confidentiality in relation thereto;

e. information regarding the Operating Entities that is contained in filings by Buyer with the Securities and Exchange Commission regarding the transaction contemplated by this Agreement.

Section 6.5 Notification of Certain Matters.

Buyer will promptly notify Seller in writing of any fact, event, circumstance, action or omission of which Buyer obtains knowledge the existence or occurrence of which would cause any of Sellers' representations or warranties under this Agreement not to be true in any material respect. For purposes of this Section 6.5, Buyer's knowledge means actual knowledge of any of David McCall, David Barford, Kent Kalkwarf, Jerald Kent or Curtis Shaw.

Section 6.6 Commercially Reasonable Efforts.

Without limiting any of the obligations of the parties hereunder, each party shall use Commercially Reasonable Efforts to take all steps within its power, and will cooperate with the other party, its respective counsel, accountants, agents and other representatives in connection with any actions required to be taken as part of their respective obligations hereunder and to cause to be fulfilled those of the conditions to the other party's obligations to consummate the transactions contemplated by this Agreement that are dependent upon its actions, and to execute and deliver such instruments and take such other commercially reasonable best actions as may be necessary to carry out the intent of this Agreement and consummate the transactions contemplated hereby.

Section 6.7 Consents.

a. Sellers and Buyer will use Commercially Reasonable Efforts to attempt to obtain as soon as practicable all Required Consents and any other consents of which Sellers or Buyer become aware are required for the transfer of the Asset Sellers Assets and Ownership Interests; and Buyer will cause its representatives to attend meetings of franchising authorities where action on a requested approval to transfer is to be considered.

b. Promptly after the execution of this Agreement, but no later than thirty (30) days after the date hereof (or, if the approvals required at Section 7.2(g) are not obtained by such date, within five (5) days after such approvals are obtained, Sellers and Buyer shall make application to the FCC for the consent and

approval of the FCC to the transfer of the ownership or control of all FCC Licenses of the Systems from Sellers to Buyer.

c. On or prior to the expiration of thirty (30) business days after the date of this Agreement (or if the approvals required at Section 7.2(g) are not obtained by such date, within five (5) days after such approvals are obtained, Sellers and Buyer shall, each at its own expense, prepare and file Applications for Franchise Authority consent to Assignment or Transfer of Control of Cable Television Franchise FCC 394 ("Forms 394") with the local Governmental Authorities that have issued Franchises to Asset Sellers and the Controlled Entities or their affiliates (except in the case of ARH as otherwise provided in the ARH Purchase Agreement) and which require franchise authority consent to transfer (or, where applicable, for change of control), and shall use Commercially Reasonable Efforts to file all additional information required by such Franchises or applicable local Legal Requirements or that the Governmental Authorities deem necessary or appropriate in connection with their consideration of the request of Sellers and Buyer that such authority approve of the transfer of the Franchises to Buyer. Thereafter Buyer shall attend such meetings and provide such information as the franchising authorities may request in connection with their consideration of the request for approval to transfer the Franchises to the Buyer and/or approval of change of control of the Controlled Entities. If a franchising authority does not expressly reject a request for approval to transfer a Franchise within 120 days after the delivery of a Form 394 to the franchising authority (plus such extensions of time as are mutually agreed upon by Buyer and Sellers), then that franchising authority shall be deemed to have consented to the transfer or change of control of that Franchise for purposes of determining satisfaction of the conditions set forth at Section 7.1(g) and satisfaction of the parties' covenants under this Section 6.7.

d. If a Governmental Authority or other Person imposes any commercially reasonable non-monetary obligation in connection with granting its consent under a Franchise, License or Contract, Buyer will comply with such obligation after Closing (and Buyer agrees that Sellers may cause any Operating Entity to accept any such commercially reasonable non-monetary obligation).

e. Without limiting the foregoing, Buyer will deliver promptly to the Governmental Authorities for those Governmental Permits transferred at Closing all bonds, letters of credit, indemnity agreements, or certificates of deposit required by such Governmental Authorities and will use its Commercially Reasonable Efforts to cooperate with Sellers to obtain a release by such Governmental Authorities of the Operating Entities' bonds, letters of credit, indemnity agreements, and certificates of deposit.

f. If notwithstanding their Commercially Reasonable Efforts

Sellers are unable to obtain any Required Consents, none of the Sellers or the Operating Entities shall be liable to Buyer or any other Person for breach of covenant or otherwise.

Section 6.8 Risk of Loss; Condemnation.

a. Sellers will bear the risk of any loss or damage to the Assets resulting from fire, theft, other casualty, condemnation or taking at all times prior to the Closing. If any such loss, damage, condemnation or taking is so substantial as to prevent resumption of normal operation prior to the Closing Date of Systems serving more than 10% of the aggregate EBU's of the Systems at December 31, 1998, then Buyer may either (i) terminate this Agreement or (ii) elect to close, in which event (A) all insurance proceeds would be assigned to Buyer, (B) there would be no reduction in the Purchase Price, and (C) Sellers will be deemed to have made no warranties concerning the damaged Assets. If such loss, casualty or taking does not cause more than 10% of the Systems' aggregate EBU's to have service suspended beyond the Closing Date then neither party may terminate this Agreement. If the acquisition is completed, notwithstanding such loss, damage or taking, then all insurance proceeds and condemnation proceeds paid or payable as a result of the occurrence of the event causing such loss, damage or condemnation will be delivered by Sellers to Buyer at the Closing, or the rights to such proceeds will be assigned by Sellers to Buyer at the Closing if not yet paid over to Sellers.

Section 6.9 Pending Acquisitions.

A. TWF1 is presently under contract to acquire all of the stock (the "ARH Stock") of ARH, which owns and operates cable television systems in the States of West Virginia and Texas (the "ARH Systems"), pursuant to the ARH Purchase Agreement. If the acquisition of the ARH Stock is closed prior to the Closing, then ARH shall be deemed a Controlled Entity for purposes of this Agreement, including for purposes of calculating the number of EBU's and the adjustments to the Purchase Price purchase to Section 2.7.

B. If the acquisition of the stock of ARH has not been completed as of the Closing but the ARH Purchase Agreement remains in effect, then the following shall apply:

i. The Purchase Price payable at Closing shall be reduced by the product of the ARH Subscriber Number times the EBU Adjustment Factor (such product is referred to herein as the "ARH Price Factor"), and the Threshold EBU Number shall be reduced by the ARH Subscriber Number;

ii. The FCILP Sellers shall not be required to own the ARH Stock at Closing, but FCILP shall be the assignee of TWF1's interest under the ARH Purchase Agreement to Buyer, and

this Agreement shall otherwise remain in effect;

iii. Buyer shall cause FCILP to satisfy all of the obligations of the purchaser under the ARH Purchase Agreement and shall use best efforts to close the transaction contemplated thereby as expeditiously as possible; and

iv. On the date of closing of the transaction under the ARH Purchase Agreement, Buyer shall pay to the FCILP Sellers by wire transfer of funds as additional Purchase Price an amount equal to the excess of (i) the ARH Price Factor over (ii) \$49,870,000.

C. If as of the date of Closing the stock of ARH has not been acquired by TWF1 and the ARH Purchase Agreement has been properly terminated under the terms thereof, then (i) the Purchase Price will be reduced by the ARH Price Factor, (ii) the Threshold EBU Number will be reduced by the ARH Subscriber Number, (iii) FCILP shall not be required to own the ARH Stock, and ARH shall not be a "Controlled Entity" for purposes of this Agreement, but this Agreement shall otherwise remain in effect.

Section 6.10 Repayment of Indebtedness of Controlled Entities

Simultaneous with Closing Buyer shall cause the indebtedness under the Controlled Entity Credit Agreements to be repaid in full (including any prepayment penalties and premium and any breakage costs); unless Buyer has obtained the lenders' consent that (i) such credit agreements may remain in effect notwithstanding the changed ownership of the Controlled Entity and (ii) all guaranties, pledges, and other obligations of Entity Sellers shall be released in full. If Buyer does keep any such credit facility in place it will also assume any rate hedging instruments or agreements of the Controlled Entities that relate to such credit agreements.

Section 6.11 Year 2000 Matters

Sellers shall use Commercially Reasonable Efforts to cause the Operating Entities to implement the plan described in Section 5.23 to prepare the Systems for the Year 2000 and shall keep Buyer apprised as Buyer may reasonably request regarding such matters. Buyer shall have the right upon reasonable notice and during business hours to periodically inspect the Operating Entities' compliance with Year 2000 issues.

Section 6.12 Tax Matters

The following provisions shall govern the allocation of responsibility between the Buyer and the Sellers for certain tax matters following the Closing Date:

a. Cooperation on Tax Matters

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

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

(3) The Buyer and the Sellers agree that if any of them receives any notice of an audit or examination from any Governmental Authority with respect to Taxes relating to the Asset Sellers Asset, Asset Sellers Business, Asset Sellers Systems or a Controlled Entity for any taxable period or portion thereof ending on or prior to the Closing Date, then the recipient of such notice shall, within three (3) days of the receipt thereof, notify and provide copies of such notice to the other party, as the case may be, in accordance with the notice provisions of Section 12.3, provided that Sellers shall control such audit or examination with respect to Taxes for any taxable period or portion thereof ending on or prior to the Closing Date, provided further that Sellers shall not enter into any compromise or agree to settle any claim pursuant to any Tax audit or proceeding which would materially adversely affect the Buyer for such year without the written consent of Buyer, which consent may not be unreasonably withheld.

b. Tax Elections. From and after the date of this Agreement, the Sellers shall not cause or permit any Controlled Entity, without

the prior written consent of the Buyer (which consent shall not be unreasonably withheld) to make, or cause or permit to be made, any Tax election that would adversely affect Buyer in any material respect.

c. Tax Returns to be Filed After the Closing Date. The General Partner of FCILP shall prepare or cause to be prepared and file or cause to be filed any Tax Returns of FCILP which are required to be filed after the Closing Date and relate solely to periods or portions thereof ending on or prior to the Closing Date. Such Tax Returns shall be prepared in accordance with FCILP's past custom and practice (subject to applicable Legal Requirements and determined on the basis of the appropriate permanent records of FCILP).

d. The Sellers agree to cooperate, and to cause CSI, Hornell, ARH and Tioga to cooperate with Buyer prior to the Closing in restructuring the transaction contemplated by this Agreement by (i) permitting the Buyer to purchase the assets held by CSI, Hornell, ARH and/or Tioga from CSI, Hornell, ARH and/or Tioga, respectively, and/or (ii) causing CSI, Hornell, ARH and/or Tioga to form one or more subsidiary entities to which all or a portion of the assets held by such party will be transferred and permitting Buyer to purchase all or a portion of the interest in such subsidiary entity or entities, provided, that, such cooperation may be withheld with respect to each request by Buyer if Sellers in their sole and reasonable discretion, determine that complying with such request would have an adverse economic effect (including without limitation, with respect to Taxes) on any Seller, their Affiliates or any direct or indirect equity holder of any Seller or their Affiliates, but excluding any adverse economic effect for which Buyer agrees to provides a cash payment to Sellers and/or their Affiliates to compensate for the adverse economic effect, and provided, further, that Buyer agrees to indemnify and hold harmless Sellers and/or their Affiliates against any and all Losses incurred as a result of the restructuring contemplated by this Section 6.12(d).

ARTICLE VII CONDITIONS PRECEDENT

Section 7.1 Conditions to Buyer's Obligations.

The obligations of Buyer to consummate the transactions

contemplated by this Agreement shall be subject to the following conditions, any one or more of which may be waived by Buyer in its sole discretion.

a. Accuracy of Representations and Warranties. Those representations and warranties of Sellers set forth at Article V of this Agreement which are expressly stated to be made as of the date of this Agreement or another specified date shall be true and correct in all material respects as of such date, without regard to the materiality or Material Adverse Effect qualifiers set forth therein (except for representations and warranties with respect to the delivery of documents to Buyer or the listing of documents on a Schedule hereto) and all other representations and warranties of Sellers in Articles V and VI shall be true and correct in all material respects at and as of Closing without regard to the materiality or Material Adverse Effect qualifiers set forth therein (except for representations and warranties with respect to the delivery of documents to Buyer or the listing of documents on a Schedule hereto) with the same effect as if made at and as of Closing except for changes contemplated under this Agreement, provided that for purposes of the foregoing sentence, the representations and warranties shall be deemed true and correct in all respects to the extent that the aggregate effect of the inaccuracies in such representations and warranties as of the applicable times does not constitute a Material Adverse Effect, when compared with the state of facts that would exist if all such representations and warranties were true in all respects as of the applicable times.

b. Performance of Agreements. Sellers shall have performed and complied with in all material respects the obligations and covenants in this Agreement to be performed and complied with by them at or before Closing.

c. Officer's Certificate. Buyer shall have received a certificate executed by an executive officer of a general partner of each Seller that is a partnership, an executive officer of each Seller which is a corporation or limited liability company, and the trustee of any Seller that is a trust, and Sellers who are natural persons, dated as of Closing, certifying (with respect to the representations, warranties and covenants made by such Seller) that the conditions specified in Sections 7.1(a) and (b) have been satisfied.

d. Legal Proceedings. No Judgment shall have been entered and not vacated by any Governmental Authority of competent jurisdiction that enjoins, restrains, makes illegal, or prohibits consummation of the transactions contemplated by this Agreement, and there shall be no Litigation pending or threatened by a Governmental Authority (other than a franchising authority) (other than Litigation instituted by or on behalf of Buyer or its Affiliates) that seeks or that, if successful, would have the

effect of any of the foregoing.

e. Delivery of Documents. Sellers shall have delivered or caused to be delivered the documents set forth at Section 8.2.

f. Opinion of Sellers' Counsel. Buyer shall have received (i) an opinion of Cameron & Mittleman, counsel to each Seller, date as of Closing, substantially in the form of Exhibit D (ii) and an opinion of Cole, Raywid & Braverman, FCC counsel to each Seller, dated as of Closing substantially in the form of Exhibit E.

g. Franchise Consents. Consents required to be obtained from Governmental Authorities that issued the Franchises for the assignment of the Franchises of the Asset Sellers or the change of control of the Controlled Entities shall have been obtained (or deemed obtained under Section 6.7), or new franchises shall have been issued to Buyer, such that there can be lawfully assigned to Buyer (including Franchises where no approval to assign or change control is required) and/or Buyer shall have obtained its own franchises, covering in the aggregate at least ninety percent (90%) of the aggregate EBUs of the Systems. It is expressly agreed that the absence of other consents to transfer Franchises is not a condition to Buyer's obligation to close the transactions contemplated by this Agreement. If one hundred twenty (120) days shall not have elapsed since the date of initial filing of the FCC Form 394 with respect to any consent relating to any Franchise which has not been obtained, then Buyer may delay the closing to a date not later than the 120th day to obtain such consents. If Buyer waives this condition, Buyer shall indemnify Sellers against any loss or liability incurred by Sellers as a result of the failure to have Consents to transfer Franchises.

h. Mandatory Consents. The Mandatory Consents (other than those relating to Franchises) shall have been obtained.

i. Liens. Sellers shall have delivered payoff letters with respect to those Liens set forth on Schedule 5.4, which shall include the lienholder's promise to release all liens held by it upon payment of a specified amount.

j. Transfer Documents. Sellers shall have delivered to Buyer the Bill of Sale, the stock certificates evidencing the Stock duly endorsed for transfer to Buyer, special warranty deeds for the Owned Real Estate, and other instruments of transfer sufficient to convey title to the Asset Sellers Assets and the Stock in accordance with the terms of this Agreement and otherwise in form and substance reasonably satisfactory to Buyer and its counsel.

k. HSR Act Waiting Period. The waiting period under the HSR Act shall have expired or been terminated.

l. Minimum EBUS. The number of EBU's shall be greater than 500,000 (483,185 if the transaction under the ARH Purchase Agreement has not been consummated).

m. Material Adverse Change. No event shall have occurred between the date of this Agreement and the date on which the Closing is to occur that has had a Material Adverse Effect (for purposes of this paragraph a reduction in EBU's shall not constitute by itself a Material Adverse Effect).

n. Capital Expenditures. The Operating Entities shall have continued Capital Expenditures in the ordinary course of business in a manner substantially consistent with their 1999 budget as previously provided to Buyer and summarized on Schedule 5.15(c), except as otherwise provided herein.

o. Mountaineer. If Buyer and Mountaineer Telecommunications, LLC ("Mountaineer") have not entered into a definitive agreement for Buyer's investment in Mountaineer pursuant to the term sheet attached as Exhibit G despite the best efforts of Buyer to do so, then the Capacity License Agreements with FiberNet, LLC, FiberNet of Michigan, LLC and FiberNet Telecommunications of Pennsylvania, LLC, including the Capacity License Agreement entered into between FiberNet, LLC and ARH, shall have been amended such that the terms (other than descriptions of locations and costs) are the same as the terms of the original agreements dated April 1, 1999 between TWF1 and, respectively, FiberNet, LLC and FiberNet Telecommunications of Pennsylvania, LLC.

Section 7.2 Conditions to Sellers' Obligations.

The obligations of Sellers to consummate the transactions contemplated by this Agreement shall be subject to the following conditions, any one or more of which may be waived by Sellers, in its sole discretion:

a. Accuracy of Representations and Warranties. The representations and warranties of Buyer in this Agreement shall be true and accurate in all material respects at and as of Closing with the same effect as if made at and as of Closing without regard to the materiality or Material Adverse Effect qualifiers set forth therein (except for representations and warranties with respect to the delivery of documents to Buyer or the listing of documents on a Schedule hereto) except for changes contemplated under this Agreement and except for representations and warranties made only at and as of a certain date, provided that for purposes of the foregoing sentence, the representations and warranties shall be deemed true and correct in all respects to the extent that the aggregate effect of the inaccuracies in such representations and warranties as of the applicable times does not constitute a Material Adverse Effect, when compared with the state of facts that would exist if all such representations and warranties were true in

all respects as of the applicable times.

b. Performance of Agreements. Buyer shall have performed in all material respects all agreements and complied in all material respects with all covenants in this Agreement to be performed and complied with by it at or before Closing.

c. Officer's Certificate. Sellers shall have received a certificate executed by an executive officer of Buyer, dated as of Closing, certifying that the conditions specified in Sections 7.2(a) and (b) have been satisfied.

d. Delivery of Documents. Buyer shall have delivered or caused to be delivered the documents set forth at Section 8.3.

e. Legal Proceedings. No Judgment shall have been entered and not vacated by any Governmental Authority of competent jurisdiction that enjoins, restrains, makes illegal, or prohibits consummation of the transactions contemplated hereby, and there shall be no Litigation pending or threatened that seeks or that, if successful, would have the effect of any of the foregoing.

f. Opinion of Buyer's Counsel. Sellers shall have received an opinion of Paul, Hastings, Janofsky & Walker LLP counsel to Buyer, dated as of Closing, substantially in the form of Exhibit F.

g. Board Approval. The Management Committee of TWF1 and TWF2 shall have approved the transactions contemplated hereby. Between the date of this Agreement and the date of the next meeting of the Board of Directors of Time Warner, Inc., except for matters involving the TWF1 Distribution Agreement and the TWF2 Distribution Agreement, none of the Sellers will, nor will any of them authorize or permit any officer, director, partner, employee, advisor, or representative to directly or indirectly solicit or initiate or encourage the submission of any proposal, negotiate, provide to any person or respond to any request for information with respect to the sale of the Assets or Ownership Interests (except in any case with the Buyer), and Sellers will advise Buyer, within 24 hours thereof, of any written communications received by Robert C. Fanch or Jeffrey D. Elberson from any third party asking to acquire any of the Systems and/or any Ownership Interest. Until the next meeting of the Board of Directors of Time Warner, Inc. ("TWI"), Sellers immediately will cease and cause to be terminated any existing activities, discussions or negotiations with any other person that have been conducted with respect to any acquisition proposal with respect to any of the Systems or Ownership Interests. In the event the Board of Directors of TWI does not approve the transaction contemplated hereby, then the following shall apply: If within one year after the date hereof the Ownership Interests and Asset Sellers Assets are sold for a price in excess of \$2,400,000,000, then the Operating Entities shall pay to Buyer upon

any such sale an amount equal to the greater of (i) \$50,000,000, or (ii) the total consideration received in such sale in excess of the Base Amount. The Base Amount means \$2,400,000,000 through November 30, 1999, and increases by \$14,000,000 on December 1, 1999 and on the first day of each month thereafter.

h. HSR Act Waiting Period. The waiting period under the HSR Act shall have expired.

i. Distribution of Assets. The distribution of assets contemplated by the TWF1 Distribution Agreement and the TWF2 Distribution Agreement shall have been completed.

Section 7.3 Non-Assignment

If at Closing at least ninety percent (90%) of the EBU's are in areas that (i) do not require franchises or (ii) are served under Franchises that do not require consent to transfer, or (iii) are served under Franchises for which consent to transfer has been obtained in accordance with this Agreement or (iv) are served under Franchises issued directly to Buyer (collectively "Transferable Franchise Areas"), then Buyer shall acquire all of the Systems and no special arrangement shall be made with respect to Franchises for which consent to transfer is required but is not obtained, and there shall be no adjustment in the Purchase Price. As to any Franchises that require consent to assign for which consent has not been obtained, there shall be no change in the Purchase Price, and the applicable Seller(s) and Buyer shall enter into a management agreement containing terms generally contained in agreements of this type, by which Buyer shall manage the applicable System(s) (the "Withheld Systems") and Buyer shall retain all cash flow of such Withheld Systems until the consent to transfer such System is obtained, whereupon the applicable Withheld System and Franchise shall be assigned to Buyer. If Buyer requests the sale of any Withheld System prior to its transfer to Buyer, the applicable Seller shall use reasonable commercial efforts to sell the same, and in the event of any such sale the proceeds of the sale, after expenses of sale, shall be paid to Buyer. On the first anniversary of the Closing Date, any Withheld System that has not been sold shall be conveyed to Buyer, regardless of whether or not the franchise transfer consent was obtained.

ARTICLE VIII CLOSING

Section 8.1 Closing; Time and Place

a. Subject to the terms and conditions of this Agreement,

the purchase by Buyer of the Stock and the Asset Sellers Assets pursuant to this Agreement ("the Closing") shall be held at the offices of Buyer's counsel, Paul, Hastings, Janofsky & Walker LLP, 399 Park Avenue, New York, New York 10022 at 10:00 a.m., local time, on October 31, 1999, or at such earlier or later date as may be agreed upon by Sellers and Buyer (the "Closing Date").

b. If at October 31, 1999, the conditions to a party's obligation to close under Section 7.1 or Section 7.2 have not been satisfied or waived, then unless the failure of condition resulted from such party's breach of any of its warranties or covenants under this Agreement, then that party may extend the Closing Date to a date until all such conditions have been met or waived but not to a date later than March 31, 2000 (the "Outside Closing Date"). If the Closing Date is so extended, then the Closing shall be held on either (at Seller's option) (i) the fifth day after all such conditions have been waived or satisfied or (ii) the last Business Day of the month in which all such conditions are satisfied or waived. Either party may notify the other that all such conditions have been satisfied or waived and may set the Closing for the last Business Day of the month in which such notice is given.

Section 8.2 Sellers' Deliveries.

At Closing, Sellers shall deliver or cause to be delivered to Buyer the following:

a. Bill of Sale. Executed counterparts of the Bill of Sale in the form of Exhibit B (the "Bill of Sale");

b. Stock Certificates. The original certificates evidencing the Stock, duly endorsed for transfer to Buyer;

c. Officer's Certificate. The certificate described in Section 7.1(c);

d. Evidence of Authorizing Actions. A certificate executed by each Seller that is not a natural person, dated as of the Closing Date, (1) certifying that the resolutions, as attached to said certificate, were duly adopted by its appropriate governing body authorizing and approving the execution by such party of this Agreement and the other Transaction Documents to which such party is a party and the consummation of the transactions contemplated hereby and thereby and that such resolutions remain in full force and effect; and (2) providing, as attachments thereto, Certificates of Good Standing for each Seller where obtainable certified by an appropriate state official of the state of formation certified by such state official as of a date not more than fifteen (15) days before the Closing Date;

e. Opinion of Sellers' Counsel. The opinion described in Section 7.1(f)(i);

f. Opinion of Sellers' FCC Counsel. The opinion described in Section 7.1(f)(ii);

g. Vehicle Titles. Title certificates to all vehicles included in the Asset Sellers Assets, endorsed for transfer of title to Buyer, and any separate bills of sale and other vehicle title transfer documentation required by the laws of the state in which such vehicles are titled;

h. Documents and Records. All (i) existing blueprints, schematics, working drawings, plans, specifications, projections, statistics, engineering records, original plant records, construction, and as-built maps in Sellers' possession relating to the Systems, (ii) employee records of Controlled Entity employees, and (iii) customer lists, files and records used by the Sellers in connection with the operation of the Systems, including lists of all pending subscriber hook-ups, disconnects and all repair orders, supply orders and any other records pertinent to the operation of the Systems. Delivery of the foregoing shall be deemed made to the extent such lists, files, and records are located as of the Closing Date at any of the offices included in the Owned Real Property or the Leased Real Property;

i. Controlled Entity Records. The original stock, limited liability company interest or partnership record book(s) and minute books of the Controlled Entities and other similar records of the Controlled Entities;

j. Resignations. Resignations of all officers and directors of the Controlled Entities and releases by partners and shareholders of the Controlled Entities releasing all claims they may have against the Controlled Entities other than pursuant to this Agreement;

k. Incumbency. An incumbency certificate of the persons providing the certificate under clause (d) above;

l. Compliance with FIRPTA. A certificate executed by each Seller, in a form reasonably satisfactory to the Buyer, pursuant to Section 1.1445-2(b)(2) of the Treasury Regulations promulgated under the Code, certifying that such Seller is not a foreign person; and

m. Indemnity Escrow Agreement. The Indemnity Escrow Agreement, duly executed by each Seller and the Escrow Agent.

Section 8.3 Buyer's Deliveries.

At Closing, Buyer shall deliver or cause to be delivered to Seller the following:

a. Purchase Price and Current Items Amount. The

Purchase Price plus or minus the Current Items Amount, the Subscriber Adjustment and Escrow, as determined in accordance with the provisions of Section 2.7(a);

b. Bill of Sale. Executed counterparts of the Bill of Sale;

c. Assumption Agreement. An assumption agreement substantially in the form attached hereto as Exhibit C;

d. Officer's Certificate. The certificate described in Section 7.2(c);

e. Evidence of Authorizations. A certificate executed by Buyer, dated as of the Closing Date, (1) certifying that the resolutions, as attached to said certificate, were duly adopted by the Board of Directors of Buyer, authorizing and approving the execution by such party of this Agreement and the other Transaction Documents to which such party is a party and the consummation of the transactions contemplated hereby and thereby and that such resolutions remain in full force and effect; and (2) providing, as attachments thereto, Certificates of Good Standing for Buyer certified by an appropriate state official of the State of Delaware certified by such state official as of a date not more than fifteen (15) days before the Closing Date;

f. Incumbency. An incumbency certificate of Buyer evidencing the authority of the entities and individuals who are signatories to this Agreement and each other Transaction Documents to which Buyer is a party; and

g. Opinion of Buyer's Counsel. The opinion described in Section 7.2(e); and

h. Indemnity Escrow Agreement. The Indemnity Escrow Agreement, duly executed by Buyer and the Escrow Agent.

ARTICLE IX TERMINATION

Section 9.1 Termination Events.

This Agreement may be terminated and the transactions contemplated hereby may be abandoned as follows:

a. At any time, by the mutual written agreement of Buyer and Sellers;

b. By either Buyer or Sellers upon written notice to the other, if the other is in material breach or default of its respective covenants, agreements, or other obligations herein, or if any of its representations herein are not true and accurate in all material respects when made or when otherwise required by this Agreement to be true and accurate, and such breach, default or failure is not cured within sixty (60) days of receipt of notice that such breach, default or failure exists or has occurred, or, if such breach, default or failure cannot be cured, the breaching party has not agreed to fairly compensate the non-breaching party or such breach, default or failure to the reasonable satisfaction of the non-breaching party or the non-breaching party waives such breach, default or failure; provided that no such cure period shall apply to Buyer's failure to close the transaction contemplated hereby on the Closing Date if the conditions set forth at Section 7.1 hereof have been satisfied.

c. By either Buyer or Sellers upon written notice to the other on or after the Outside Closing Date if any conditions to its obligations set forth in Sections 7.1 and 7.2, respectively, shall not have been satisfied on or before the Outside Closing Date for any reason other than a willful and intentional breach or default by such terminating party of its respective covenants, agreements or other obligations hereunder that caused such conditions not to be met; or

d. By Sellers or Buyer if the condition set forth at Section 7.2(g) is not satisfied by August 30, 1999; or

e. As otherwise provided herein.

No party may terminate this Agreement after the Closing has occurred.

Section 9.2 Effect of Termination.

If this Agreement shall be terminated pursuant to Section 9.1, all obligations of the parties hereunder shall terminate and there will be no liability on the part of any party to any other party or Person in respect thereof, except for the obligations set forth in Sections 6.4, 7.2(g), 10.1, 10.2, 10.3, 12.1, and 12.10.

ARTICLE X REMEDIES IN THE EVENT OF DEFAULT PRIOR TO CLOSING

Section 10.1 Default by Buyer.

If Buyer shall default in the performance of its obligations under this Agreement in any material respect or if, as a result of Buyer's willful breach of its obligations pursuant to this

Agreement, the conditions precedent to Sellers' obligation to close specified in Section 7.2 are not satisfied, Sellers shall be entitled to specific performance of Buyer's obligation to close, as well as any and all other remedies at law or in equity, and the election of any particular remedy shall not preclude pursuit of other remedies.

Section 10.2 Default by Sellers.

If Sellers shall default in the performance of their obligations under this Agreement in any material respect or if, as a result of Sellers' willful breach of their obligations pursuant to this Agreement, the conditions precedent to Buyer's obligation to close specified in Section 7.1 are not satisfied, and Buyer shall not then be in default in the performance of its obligations hereunder in any material respect, Buyer shall be entitled, at Buyer's sole option, either:

- a. to require Sellers to consummate and specifically perform the sale in accordance with the terms of this Agreement, if necessary through injunction or other court order or process; or
- b. to terminate this Agreement by written notice to Sellers.

The foregoing shall be Buyer's sole and exclusive remedies for default by Sellers of this Agreement, and under no circumstances shall Sellers be liable to Buyer for monetary damages upon a default under, or the termination of, this Agreement prior to Closing.

Section 10.3 Specific Performance

Buyer and Sellers acknowledge that irreparable damage would occur if any of their respective covenants and obligations in this Agreement are not performed and that money damages would be an inadequate remedy therefor. Accordingly, it is agreed that the parties shall be entitled to an injunction or injunctions to prevent breaches of such covenants and to enforce specifically the covenants and obligations in this Agreement.

ARTICLE XI INDEMNIFICATION

Section 11.1 Indemnification by Sellers.

From and after Closing, subject to Sections 11.4, 11.5 and 11.6 hereof, each Seller severally (and not jointly) shall indemnify and hold harmless Buyer from and against any and all

Losses arising out of or resulting from the following:

a. Any representations and warranties made by such Seller in this Agreement (with each Seller's representations and warranties limited as provided at Section 3.5) not being true and accurate when made or when required by this Agreement to be true and accurate;

b. As to any Asset Seller, any liabilities and obligations (other than Assumed Obligations and Liabilities) arising out of or relating to the operation of the Systems of such Asset Seller prior to the Closing Date, including, without limitation, the Retained Liabilities and Obligations, but excluding (i) any liabilities and obligations that are applied to reduce the Purchase Price pursuant to Section 2.6 hereof and (ii) obligations under the Controlled Entity Credit Agreements;

c. As to any Asset Seller, any obligation to refund to subscribers of the Systems any payments made by such subscribers for service received by them prior to Closing, unless the obligation to make refunds results from Buyer's consent to such refunds or Buyer's request that such refunds be required, provided that the Buyer's acquiescence to a governmental order not requested by Buyer shall not be deemed consent; and

d. Any and all actions, suits, proceedings, claims, demands, assessments, judgments, costs and expenses, including without limitation, reasonable legal fees and reasonable expenses, incident to any of the foregoing or incurred in investigating or attempting to avoid the same or to oppose the imposition thereof, or in enforcing this indemnity.

Section 11.2 Indemnification by Buyer.

From and after Closing, Buyer shall indemnify and hold harmless Sellers and each Owner from and against any and all Losses arising out of or resulting from the following:

a. Any representations and warranties made by Buyer in this Agreement not being true and accurate when made or when required by this Agreement to be true and accurate;

b. Any of the Assumed Obligations and Liabilities;

c. Any liabilities and obligations arising out of or relating to the operation of the Assets, Systems or the Business or the ownership of the Ownership Interests or the Stock subsequent to the Closing Date; and

d. Any and all actions, suits, proceedings, claims, demands, assessments, judgments, costs and expenses, including without limitation, legal fees and expenses, incident to any of the

foregoing or incurred in investigating or attempt to avoid the same or to oppose the imposition thereof, or in enforcing this indemnity.

Section 11.3 Indemnified Third Party Claim.

a. If any Person not a party to this Agreement shall make any demand or claim or file or threaten to file or continue any Litigation with respect to which Buyer or Sellers is entitled to indemnification pursuant to Sections 11.1 or 11.2, respectively, then within ten (10) days after notice (the "Notice") by the party entitled to such indemnification (the "Indemnitee") to the other (the "Indemnitor") of such demand, claim or Litigation, the Indemnitor shall have the option, at its sole cost and expense, to retain counsel for the Indemnitee (which counsel shall be reasonably satisfactory to the Indemnitee), to defend any such Litigation; provided, however, that the failure to give such notice shall not impair the Indemnitee's rights under this Section 11 unless such failure to give such notice shall have materially impaired the Indemnitor's ability to defend against such third party claim. Thereafter, the Indemnitee shall be permitted to participate in such defense at its own expense, provided that, if the named parties to any such Litigation (including any impleaded parties) include both the Indemnitor and the Indemnitee or, if the Indemnitor proposes that the same counsel represent both the Indemnitee and the Indemnitor and representation of both parties by the same counsel would be inappropriate due to actual or potential differing interests between them, then the Indemnitee shall have the right to retain its own counsel at the reasonable cost and expense of the Indemnitor. If the Indemnitor shall fail to respond within ten (10) days after receipt of the Notice, the Indemnitee may retain counsel and conduct the defense of such Litigation as it may in its sole discretion deem proper, at the sole reasonable cost and expense of the Indemnitor.

b. The Indemnitee shall provide reasonable assistance to the Indemnitor and provide access to its books, records and personnel as the Indemnitor reasonably requests in connection with the investigation or defense of the indemnified Losses. The Indemnitor shall promptly upon receipt of reasonable supporting documentation reimburse the Indemnitee for reasonable out-of-pocket costs and expenses incurred by the latter in providing the requested assistance.

c. In the event that Indemnitor desires to compromise or settle any such claim, Indemnitee shall have the right to consent to such settlement or compromise; provided, however, that if such compromise or settlement is for money damages only and will include a full release and discharge of Indemnitee, and Indemnitee withholds its consent to such compromise or settlement, Indemnitor and Indemnitee agree that (i) Indemnitor's liability shall be limited to the amount of the proposed settlement and Indemnitor

shall thereupon be relieved of any further liability with respect to such claim, and (ii) from and after such date, Indemnitee will undertake all legal costs and expenses in connection with such claim and shall indemnify Indemnitor from any further liability or obligation to such third party in connection with such claim in excess of the amount of the proposed settlement. If Indemnitor fails to defend any claim within a reasonable time, Indemnitee shall be entitled to assume the defense thereof, and Indemnitor shall be liable to Indemnitee for its expenses reasonably incurred, including attorney's fees and payment of any settlement amount or judgment.

Section 11.4 Determination of Indemnification Amounts and Related Matters.

a. In calculating amounts payable to an Indemnitee hereunder, the amount of the indemnified losses shall be reduced by the amount of any insurance proceeds paid to the Indemnitee for such Losses.

b. The provisions of Sections 11.3 and 11.4 shall be applicable to any claim for indemnification made under any other provision of this Agreement and all references in Sections 11.3 and 11.4 to Sections 11.1 and 11.2 shall be deemed to be references to such other provisions of this Agreement.

Section 11.5 Time and Manner of Certain Claims.

Except as otherwise provided herein, the representations, warranties and pre-Closing covenants and agreements of Buyer and Sellers in this Agreement shall survive Closing for a period of six (6) months, except that the representations and warranties contained in Sections 5.4 and 5.11 shall survive Closing for the period required according of any statute of limitation applicable to such Section, respectively. Buyer's and Sellers' rights to make claims dated thereafter shall likewise expire and be extinguished on such date. Neither Sellers nor Buyer shall have any liability under Sections 11.1 or 11.2, respectively, for breach of any representation or warranty or any other covenant, agreement or obligation to the extent required to be performed prior to the Closing Date, unless a claim for Losses for which indemnification is sought thereunder is asserted by the party seeking indemnification by written notice to the party from whom indemnification is sought within the said six months.

Section 11.6 Limitation on Indemnification.

(a) Notwithstanding anything herein to the contrary Buyer's recourse against Sellers after Closing for any breach of warranty, representation or covenant by Sellers, or for any other indemnification obligations or other obligations of Sellers under this Agreement, shall be limited to the amount held under the

Indemnity Escrow Agreement. Furthermore, without limiting the foregoing, Buyer's recourse against any Seller Group (as defined at Section 2.5) after Closing for any breach of warranty, representation or covenant by such Seller Group, or for any other indemnification obligations or other obligations of such Seller Group under this Agreement shall be limited to the Indemnity Limit for such Seller Group as provided at Section 2.5 hereof, except that each Seller Group's liability for breach of the warranty at any of Sections 5.2 (authority) or 5.4(a) (title) shall be limited to the portion of the Purchase Price attributable to that Seller Group.

(b) No claim for indemnification may be made by Buyer hereunder and no Sellers shall have liability hereunder except to the extent the aggregate amount of claims exceeds One Million Dollars (\$1,000,000).

(c) Buyer shall not be required to make a payment to any Seller pursuant to this Article XI in respect of a breach of warranty by Buyer except to the extent that the total amount owed to the Sellers in the aggregate equals or exceeds One Hundred Thousand Dollars (\$100,000); provided that this limitation shall not apply to Buyer's covenant to repay the indebtedness under the Controlled Entity Credit Agreements or to the Assumed Obligations and Liabilities.

(d) The provisions of this Section 11.6 shall be applicable to any claim for indemnification made under any other provision of this Agreement, and all references in Section 11.6 shall be deemed to be references to such other provisions of this Agreement.

(e) The remedies set forth in Section 11.1 of this Agreement shall be exclusive and in lieu of any other remedies that may be available to Buyer under any other agreement or pursuant to any statutory or common law with respect to any Losses of any kind or nature incurred directly or indirectly resulting from or arising out of this Agreement or the transactions contemplated hereby or otherwise arising out of or relating to the Assets, Business, Systems, Ownership Interests or Stock, which other remedies are hereby waived.

ARTICLE XII MISCELLANEOUS

Section 12.1 Expenses.

Except as otherwise expressly provided in this Agreement, each of the parties shall pay its own expenses and the fees and expenses of its counsel, accountants, and other experts incurred in

connection with this Agreement. Sellers shall bear and pay any amounts payable to Waller Capital Corporation in connection with this Agreement and the transactions contemplated hereby.

Section 12.2 Waivers.

No action taken pursuant to this Agreement, including any investigation by or on behalf of any party hereto, shall be deemed to constitute a waiver by the party taking the action of compliance with any representation, warranty, covenant or agreement contained herein or in any document delivered pursuant hereto. The waiver by any party hereto of any condition or of a breach of another provision of this Agreement shall not operate or be construed as a waiver of any other condition or subsequent breach. The waiver by any party of any of the conditions precedent to its obligation under this Agreement must be in writing shall not preclude it from seeking redress for breach of this Agreement other than with respect to the condition so waived.

Section 12.3 Notices.

All notices, requests, demands, applications, services of process, and other communications which are required to be or may be given under this Agreement shall be in writing and shall be deemed to have been duly given if sent by facsimile transmission (with automatic machine confirmation), delivered by overnight or other courier service, or mailed, certified first class mail, postage prepaid, return receipt requested, to the parties hereto at the following addresses:

To Sellers:

c/o Fanch Communications, Inc.
1873 South Bellaire Street Suite 1550
Denver, Colorado 80222
Attention: Robert C. Fanch, Chairman and
Jeffrey D. Elberson, Executive Vice President
Telecopy: 303-756-8420

Copies (which shall not constitute notice) to:

Cameron & Mittleman LLP
56 Exchange Terrace
Providence, Rhode Island 02903
Attention: David L. Mayer
Telecopy: 401-331-5787

Larry Guffey
The Blackstone Group
345 Park Avenue
New York, New York 10154
Telecopy: 212-583-5574

Richard Capelouto, Esquire
Simpson Thacher & Bartlett
425 Lexington Avenue
New York, New York 10017
Telecopy: 212-455-2502

To Buyer:

Charter Communications, Inc.
12444 Powerscourt Drive, Suite 100
St. Louis, Missouri 63131
Attention: Jerald L. Kent, President & CEO

with a copy to:

Curtis S. Shaw, General Counsel

Telephone: 314-965-0555
Telecopier: 314-965-8793

Copies (which shall not constitute notice) to:

Paul, Hastings, Janofsky & Walker LLP
399 Park Avenue, 31st Floor
New York, NY 10022
Attention: Thomas R. Pollock, Esq.
Telephone: 212-318-6000
Telecopier: 212-319-4090

or to such other address as any party shall have furnished to the other by notice given in accordance with this Section. Such notice shall be effective, (i) if delivered by courier service or by facsimile transmission, upon actual receipt by the intended recipient, or (ii) if mailed, upon the earlier of five (5) days after deposit with the U. S. Postal Service or the date of delivery as shown on the return receipt therefor.

Section 12.4 Entire Agreement; Amendments.

This Agreement embodies the entire agreement between the parties hereto with respect to the subject matter hereof and supersedes all prior agreements and understandings, oral or written, with respect thereto. This Agreement may not be modified orally, but only by an agreement in writing signed by the party or parties against whom any waiver, change, amendment, modification, or discharge may be sought to be enforced.

Section 12.5 Binding Effect; Benefits.

This Agreement shall inure to the benefit of and will be binding upon the parties hereto and their respective heirs, legal Representatives, successors, and permitted assigns. Neither Buyer nor Sellers shall assign this Agreement or delegate any of its duties hereunder to any other Person without the prior written consent of the other. Nothing in this Agreement, express or implied, is intended to confer upon any person other than the parties hereto and their respective successors and-permitted assigns, any rights, remedies or obligations under or by reason of this Agreement; provided, however, that Buyer may assign all or part of its rights, interests or obligations hereunder to one or more Affiliates without the prior written consent of Sellers if such assignment would not delay Closing or delay obtaining any Required Consent or require additional consents, provided that notwithstanding any such assignment Buyer guarantee the performance of all obligations hereunder. No assignment shall delay the filing of FCC Forms 394 or any filings under the HSR Act.

Section 12.6 Headings, Schedules, and Exhibits.

The section and other headings contained in this Agreement are for reference purposes only and will not affect the meaning or interpretation of this Agreement. Reference to schedules and exhibits shall, unless otherwise indicated, refer to the schedules or exhibits attached to this Agreement, which shall be incorporated in and constitute a part of this Agreement by such reference.

Section 12.7 Non-Recourse.

No Owner, and no employee, partner, member, officer, director, manager or shareholder of any of Sellers or Buyer shall have any liability hereunder.

Section 12.8 Counterparts.

This Agreement may be executed in any number of counterparts, each of which, when executed, shall be deemed to be an original and all of which together will be deemed to be one and the same instrument.

Section 12.9 Disclaimer of Warranty.

Sellers shall not be liable for or bound in any manner by any express or implied, oral or written information, warranty, guaranty, promise, statement, inducement or representation pertaining to the Ownership Interests, the Controlled Entities, the Assets, the Systems or the Business (including projections as to income from and expense of any System, or the uses which can be made of, or the value, prospects or profitability of such System),

except as is expressly set forth in this Agreement and the Schedules attached to this Agreement.

Section 12.10 Publicity.

Sellers and Buyer shall consult with and cooperate with the other with respect to the content and timing of all press releases and other public announcements, and any oral or written statements to Sellers's employees concerning this Agreement and the transactions contemplated hereby. Neither Sellers nor Buyer shall make any such release, announcement, or statements without consulting with the other prior to such release, announcement or statement; and in no event may any such announcement refer to the price or terms of the transaction without the consent of both parties. Notwithstanding the foregoing, that Sellers or Buyer may at any time make any announcement required by Legal Requirements so long as such party, promptly upon learning of such requirement, notices the other of such requirement and consults with the other in good faith with respect to the wording of such announcement.

Section 12.11 Governing Law.

The validity, performance, and enforcement of this Agreement and all transaction documents, unless expressly provided to the contrary, shall be governed by the laws of the State of Delaware without giving effect to the principles of conflicts of law of such state.

Section 12.12 Third Parties; Joint Ventures.

This Agreement constitutes an agreement solely among the Parties hereto, and, except as otherwise provided herein, is not intended to and will not confer any right, remedies, obligation, or liabilities, legal or equitable, including any right of employment on any Person (including but not limited to any employee or former employee of Sellers) other than the parties hereto and their respective successors or assigns, or otherwise constitute any Person a third party beneficiary under or by reason of this Agreement. Nothing in this Agreement, expressed or implied, is intended to or shall constitute the parties hereto partners. or participants in a joint venture.

Section 12.13 Construction.

This Agreement has been negotiated by Buyer and Sellers and their respective legal counsel, and legal or equitable principles that might require the construction of this Agreement or any provision of this Agreement against the party drafting this Agreement shall not apply in any construction or interpretation of this Agreement.

Section 12.14 Further Acts.

Buyer and Sellers shall, without further consideration, execute and deliver such further instruments and documents and do such other acts and things as the other may reasonably request in order to confirm the transactions contemplated by this Agreement. Without limiting the foregoing, Sellers shall deliver to Buyer any and all checks, drafts or other forms of payment received in respect of any of the Accounts Receivable acquired by Buyer pursuant to the terms of this Agreement and any of the Accounts Receivable subsequent to the Closing Date derived from the operations of the Business.

IN WITNESS WHEREOF, Buyer and Sellers have executed this Agreement as of the date first written above.

BUYER:

Charter Communications, Inc.

By: *Kurt D. Kahl*
Title: *SUP-CFO*

[Signatures continued on following page]

SELLERS:

FCILP Sellers:

Blackstone TWF Capital Partners, L.P.
By: Blackstone Management Associates Fanch L.L.C., its general partner,

By: *Mart J. Kelly*
Name:
Title: Member

Blackstone TWF Capital Partners A L.P.
By: Blackstone Management Associates Fanch L.L.C., its general partner,

By: *Mart J. Kelly*
Name:
Title: Member

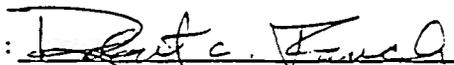
Blackstone TWF Capital Partners B L.P.
By: Blackstone Management Associates Fanch L.L.C., its general partner,

By: *Mart J. Kelly*
Name:
Title: Member

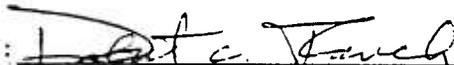
Blackstone TWF Family Investment Partnership, L.P.
By: Blackstone Management Associates Fanch L.L.C., its general partner,

By: *Mart J. Kelly*
Name:
Title: Member

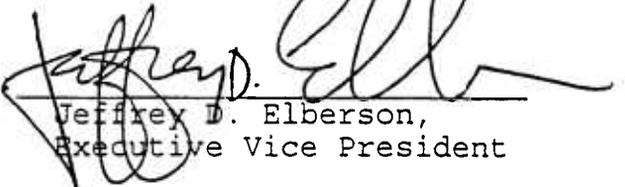
Fanch Management Partners, Inc.

By: 
Robert C. Fanch
Chairman

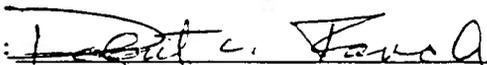
RCF Carry, LLC

By: 
Robert C. Fanch, Manager

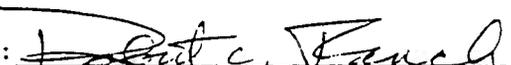
PBW Carried Interest, Inc.

By: 
Jeffrey D. Elbersen,
Executive Vice President

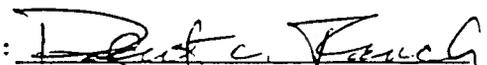
RCF Indiana Management Corp.

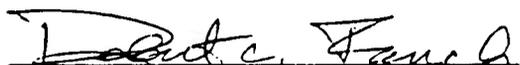
By: 
Robert C. Fanch
Chairman

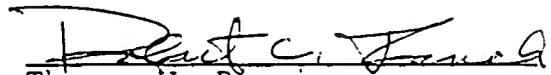
SDG/Michigan Communications
Joint Venture
By its general partner,
RCF Michigan Management, Inc.

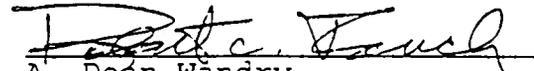
By: 
Robert C. Fanch
Chairman

The Robert C. Fanch Revocable
Trust

By: 
Robert C. Fanch, Trustee

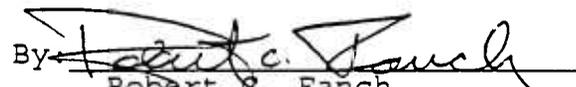

Jack Pottle
By Robert C. Fanch,
attorney-in-fact


Thomas W. Binning
By Robert C. Fanch,
attorney-in-fact


A. Dean Wandry
By Robert C. Fanch,
attorney-in-fact

Master:

Fanch-JV2 Master Limited
Partnership
By its general partner,
Fanch Management Partners, Inc.

By: 
Robert C. Fanch
Manager

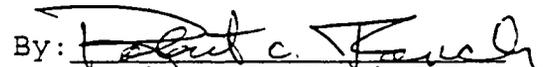
Cooney:

Cooney Cable Associates of
Ohio, Limited Partnership
By its general partner,
RCF Ohio Investors II, Inc.

By: 
Robert C. Fanch
Chairman

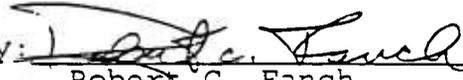
Twain:

Mark Twain Cablevision Limited
Partnership
By its general partner,
FMTC Acquisition Corp.

By: 
Robert C. Fanch
Chairman

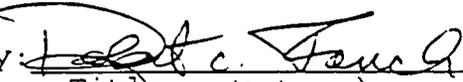
NTC:

North Texas Cablevision, Ltd.
By its general partner,
NTC Communications General
Partnership
By its general partner,
RCF Texas Management, Inc.

By: 
Robert C. Fanch
Chairman

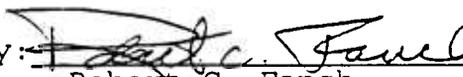
FNCSI:

Fanch-Narragansett CSI
Limited Partnership
By its general partner,
Cable Systems, Inc.

By: 
Title: CHAIRMAN

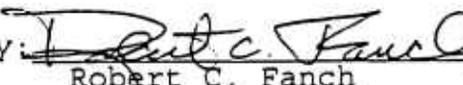
Post:

Post Cablevision of Texas,
Limited Partnership
By its general partner,
North Texas Cablevision, Ltd.
By its general partner,
NTC Communications General
Partnership
By its general partner,
RCF Texas Management, Inc.

By: 
Robert C. Fanch
Chairman

Spring Green:

Spring Green Communications,
Limited Partnership
By its general partner,
RCF Wisconsin Management, Inc.

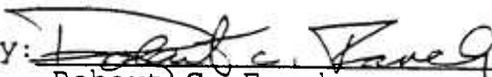
By: 
Robert C. Fanch
Chairman

FKGP:

Fanch Cablevision of Kansas
General Partnership

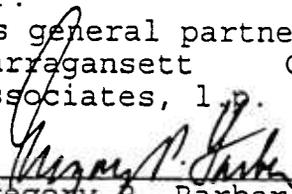
By its general partners:

RCF Kansas Management, Inc.

By: 
Robert C. Fanch
Chairman

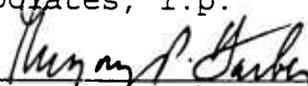
Narragansett Capital Partners-
A, L.P.

By its general partner,
Narragansett Capital
Associates, l.p.

By: 
Gregory P. Barber
General Partner

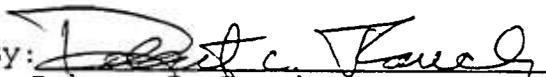
Narragansett Capital Partners-
B, L.P.

By its general partner,
Narragansett Capital
Associates, l.p.

By: 
Gregory P. Barber
General Partner

Fanch-Narragansett CSI Limited
Partnership

By its general partner,
Cable Systems, Inc.

By: 
Robert C. Fanch
Chairman