UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K

(MARK ONE)

[X] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
FOR THE YEAR ENDED DECEMBER 31, 2000

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
FOR THE TRANSACTION PERIOD FROM TO
COMMISSION FILE NUMBER: 000-27927

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

DELAWARE	43-1857213
(STATE OR OTHER JURISDICTION OF INCORPORATION OR ORGANIZATION)	(I.R.S. EMPLOYER IDENTIFICATION NO.)
12444 POWERSCOURT DRIVE -- SUITE 100 ST. LOUIS, MISSOURI (ADDRESS OF PRINCIPAL EXECUTIVE OFFICES)	63131 (ZIP CODE)

(314) 965-0555
(REGISTRANT'S TELEPHONE NUMBER, INCLUDING AREA CODE)

SECURITIES REGISTERED PURSUANT TO SECTION 12(b) OF THE ACT: NONE
SECURITIES REGISTERED PURSUANT TO SECTION 12(g) OF THE ACT:
CLASS A COMMON STOCK, $.001 PAR VALUE
5.75% CONVERTIBLE SENIOR NOTES DUE 2005

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes [X] No [ ]

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [ ]

Aggregate market value of the registrant of outstanding Class A Common Stock held by non-affiliates of the registrant at January 31, 2001 was approximately $4.29 billion, computed based on the closing sale price as quoted on the NASDAQ National Market System on that date. For purposes of this calculation only, directors, executive officers and the principal controlling shareholder of the registrant are deemed to be affiliates of the registrant.

There were 233,718,422 shares of Class A Common Stock outstanding as of January 31, 2001. There were 50,000 shares of Class B Common Stock outstanding as of the same date.

DOCUMENTS INCORPORATED BY REFERENCE: Portions of the Proxy Statement for the 2001 Annual Meeting of Shareholders are incorporated by reference into Part III.

CHARTER COMMUNICATIONS, INC.

FORM 10-K -- FOR THE YEAR ENDED DECEMBER 31, 2000

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This Annual Report on Form 10-K is for the year ended December 31, 2000. This Annual Report modifies and supersedes documents filed prior to this Annual Report. The Securities and Exchange Commission (SEC) allows us to "incorporate by reference" information that we file with the SEC, which means that we can disclose important information to you by referring you directly to those documents. Information incorporated by reference is considered to be part of this Annual Report. In addition, information that we file with the SEC in the future will automatically update and supersede information contained in this Annual Report. In this Annual Report, "we," "us" and "our" refer to Charter Communications, Inc., Charter Communications Holding Company, LLC and its subsidiaries.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This Annual Report includes forward-looking statements regarding, among other things, our plans, strategies and prospects, both business and financial. Although we believe that our plans, intentions and expectations reflected in or suggested by these forward-looking statements are reasonable, we cannot assure you that we will achieve or realize these plans, intentions or expectations. Forward-looking statements are inherently subject to risks, uncertainties and assumptions. Many of the forward-looking statements contained in this Annual Report may be identified by the use of forward-looking words such as "believe," "expect," "anticipate," "should," "planned," "will," "may," "intend," "estimate," and "potential," among others. Important factors that could cause actual results to differ materially from the forward-looking statements we make in this Annual Report are set forth in this Annual Report and in other reports or documents that we file from time to time with the SEC and include, but are not limited to:

- Our plans to offer advanced products and services;

- Our anticipated capital expenditures for our upgrades and new equipment and facilities;

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

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

- Our ability to fund anticipated capital expenditures and any future acquisitions;

- Our ability to obtain equipment, inventory and programming as needed and at a reasonable price.

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

PART I

ITEM 1. BUSINESS.

INTRODUCTION

Charter Communications, Inc., operating through its subsidiaries (the "Company"), is the fourth largest operator of cable systems in the United States. Through our broadband network of coaxial and fiber optic cable, we provide video, data, interactive and private business network services, to approximately 6.4 million customers in 40 states. All of our systems offer traditional analog cable television. We also offer digital television, along with an array of advanced products and services such as high-speed Internet access, interactive video programming and video-on-demand, in an increasing number of our systems. We continue to explore opportunities to offer telephony through our broadband network. The introduction and roll-out of new products and services represents an important step toward the realization of our Wired World(TM) vision, where cable's ability to transmit voice, video and data at high speeds enables it to serve as the primary platform for the delivery of new services to the home and workplace.

Charter Communications, Inc. was organized as a Delaware corporation in 1999 and conducted an initial public offering of its Class A common stock in November 1999. Certain of our subsidiaries commenced operations under the "Charter Communications" name in 1994. Our principal executive offices are located at 12444 Powerscourt Drive, Suite 100, St. Louis, Missouri 63131. Our telephone number is (314) 965-0555. We have a web site accessible at http://www.charter.com. The information posted on our web site is not incorporated into this Annual Report.

GENERAL BUSINESS DEVELOPMENTS IN 2000

In 2000, we focused on integrating the operations of our newly acquired systems and improving the cable systems we acquired. In 16 acquisitions completed in 1999 and 2000, we added approximately 3.9 million customers. These acquisitions are identified in a chart included in "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations." We implemented core operating strategies to achieve our high standards for customer satisfaction and financial and operating performance in each of the newly acquired systems.

We also focused in 2000 on the upgrade of our cable systems to more quickly provide advanced products and services and improve service reliability. Our upgrade plan emphasizes higher bandwidth capacity and two-way communication capability, as well as reduction of the number of headend control centers. As a result of this rebuild effort, by year-end 2002, we expect that 93% of our customers will be served by systems with bandwidth of 550 megahertz or more. Complementing our system upgrade in 2000, we emphasized the roll-out of our digital services, which we believe will serve as the platform for interactive and other advanced services.

To finance our acquisitions and the upgrade of our systems, as well as to pay off certain debt, we issued additional long-term debt and refinanced some of our existing debt.

We will continue to evaluate opportunities for new acquisitions and swaps of our cable systems for systems of other cable operators. Our primary criterion in considering these opportunities is the potential financial benefits we expect to ultimately realize as a result of the acquisition or swap. We consider each acquisition or swap in the context of our overall existing and planned operations. In particular, we focus on the impact the acquisition or swap may have on our ability to enhance our operations in existing markets or to develop major new markets for our operations.

ORGANIZATIONAL STRUCTURE

Charter Communications, Inc.'s principal asset is an approximate 41% equity interest and a 100% voting interest in Charter Communications Holding Company, LLC. Charter Communications Holding Company, through its subsidiaries, owns cable systems and certain strategic investments. Charter Communications, Inc. provides management services to Charter Communications Holding Company and its subsidiaries. As sole

manager, Charter Communications, Inc. controls the affairs of Charter Communications Holding Company and its subsidiaries.

OUTSTANDING AND PRO FORMA SHARES OF CHARTER COMMUNICATIONS, INC.

The following table sets forth information as of January 31, 2001 with respect to the outstanding shares of common stock of Charter Communications, Inc. and pro forma for the exchange of membership units in subsidiaries (Charter Communications Holding Company, LLC and CC VIII, LLC), which are exchangeable for common shares of Charter Communications, Inc. common stock on a one-for-one basis at any time.

	AS OF JANUARY 31, 2001		PRO FORMA FOR EXCHANGE OF EQUITY IN SUBSIDIARIES	
	NUMBER OF SHARES OUTSTANDING	PERCENT OF TOTAL SHARES OUTSTANDING	NUMBER OF SHARES OUTSTANDING	PERCENT OF SHARES OUTSTANDING
Class A Common Stock(a)	233,718,422	99.98%	233,718,422	39.14%
Class B Common Stock	50,000	.02	50,000	.01
Total Common Stock Outstanding	233,768,422	100.00%	233,768,422	39.15%
Exchangeable Equity in Subsidiaries:				
Charter Investment, Inc.(b)			217,585,246	36.44
Vulcan Cable III, Inc.(b)			106,715,233	17.88
Sellers of Bresnan cable systems(c)			39,011,744	6.53
Total Pro Forma Common Stock Outstanding			597,080,645	100.00%

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(a) Includes 25,108,387 shares of Class A common stock issued in connection with certain acquisitions. These shares are unregistered and subject to certain restrictions on transfer.

(b) Assumes exchange of units in Charter Communications Holding Company held by such entity. Both Charter Investment, Inc. and Vulcan Cable III, Inc. are controlled by Paul G. Allen.

(c) Assumes exchange of units in Charter Communications Holding Company and CC VIII, LLC held by such persons.

OWNERSHIP OF CHARTER COMMUNICATIONS, INC. Paul G. Allen owns approximately 3.8% of the outstanding capital stock of Charter Communications, Inc. and controls approximately 93.5% of the voting power of Charter Communications, Inc.'s capital stock. The remaining equity interests and voting power are held by the public. Mr. Allen's voting control arises primarily from his ownership of Charter Communications, Inc.'s high vote Class B common stock, which gives him voting rights that reflect investments by his affiliates (Charter Investment, Inc. and Vulcan Cable III, Inc.) in our subsidiary, Charter Communications Holding Company.

VULCAN CABLE III INC. Vulcan Cable III has a 18.6% equity interest and no voting rights in Charter Communications Holding Company. Vulcan Cable III's membership units in Charter Communication Holding Company are exchangeable for shares of Charter Communications, Inc. Class B common stock on a one-for-one basis at any time. Mr. Allen owns 100% of the outstanding stock of Vulcan Cable III.

CHARTER INVESTMENT, INC. Charter Investment, Inc. has a 38.0% equity interest and no voting rights in Charter Communications Holding Company. Charter Investment's membership units in Charter Communications Holding Company are exchangeable for shares of Charter Communications, Inc. Class B common stock at any time on a one-for-one basis. Mr. Allen owns approximately 96.8% of the outstanding capital stock of Charter Investment. The remaining 3.2% equity is beneficially owned by our founders, Jerald L. Kent, Howard L. Wood and Barry L. Babcock.

SELLERS OF BRESNAN CABLE SYSTEMS. Upon the closing of the Bresnan acquisition, some of the sellers received a portion of their purchase price in the form of equity interests in our subsidiaries rather than in cash. The common membership units in Charter Communications Holding Company and the preferred member-

ship units in CC VIII, LLC which were issued to these sellers are exchangeable for shares of Charter Communications, Inc. Class A common stock on a one-for-one basis at any time.

CHARTER COMMUNICATIONS HOLDING COMPANY, LLC. Charter Communications Holding Company is the direct 100% parent of Charter Communications Holdings, LLC. Charter Communications Holding Company is owned as follows:

	EQUITY OWNERSHIP	VOTING POWER
Charter Communications, Inc.	40.8%	100%
Vulcan Cable III Inc.	18.6%	--
Charter Investment, Inc.	38.0%	--
Sellers of Bresnan cable systems	2.6%	--
	100.0%	100%

CHARTER COMMUNICATIONS HOLDINGS, LLC. Charter Holdings is a co-issuer of publicly held Charter Holdings notes. Charter Holdings owns 100% of Charter Communications Holdings Capital Corporation, the co-issuer of these notes. Charter Holdings also owns the subsidiaries that conduct all of our operations, including the Charter, CC V, CC VI, CC VII and CC VIII Companies described below.

OPERATING SUBSIDIARIES. Charter Holdings owns all of our operating subsidiaries. There are separate credit facilities for each of four groups of these operating subsidiaries. As indicated below, these groups include systems acquired in the acquisitions listed in "Item 13. Management's Discussion and Analysis of Financial Condition and Results of Operations." These groups consist of:

- the Charter Companies, including Charter Operating and its subsidiaries, which own or operate all of the cable systems formerly operated by Charter Investment, Inc. under the "Charter Communications" name, and the cable systems acquired in the following 1999 and 2000 transactions: Marcus, American Cable, Greater Media, Helicon, Vista, Rifkin, South Miami, Farmington and Capital Cable. The Charter Companies also include the issuers of outstanding publicly held notes of a subsidiary acquired in the Renaissance acquisition;

- the CC V and CC VIII Companies, which own or operate all of the cable systems acquired in the Avalon, Interlake and Bresnan acquisitions, and include co-issuers of outstanding publicly held notes;

- the CC VI Companies, which own or operate all of the cable systems acquired in the Fanch and Kalamazoo acquisitions; and

- the CC VII Companies, which own or operate all of the cable systems acquired in the Falcon acquisition.

ACQUISITIONS COMPLETED IN 2000

BRESNAN. In February 2000, we purchased Bresnan Communications Company Limited Partnership for a total purchase price of approximately $3.1 billion, consisting of approximately $1.1 billion in cash, $1.0 billion in membership units in Charter Communications Holding Company and CC VIII, an indirect subsidiary of Charter Communications Holding Company, and $963.3 million in assumed debt. The cable systems acquired in the Bresnan acquisition are located in Michigan, Minnesota, Wisconsin and Nebraska and served approximately 697,400 customers as of December 31, 2000. For the year ended December 31, 2000, these systems had revenues of approximately $334.7 million.

KALAMAZOO. In September 2000, we completed a stock-for-stock merger with Cablevision of Michigan, Inc., the owner of a cable system in Kalamazoo, Michigan. In the merger, we issued 11,173,376 shares of our Class A common stock valued at approximately $170.6 million. After the merger, we contributed 100% of the equity interests we acquired to Charter Communications Holding Company in exchange for membership units. Charter Communications Holding Company in turn contributed these equity interests to Charter Holdings, which in turn contributed the equity interests to a subsidiary. The Kalamazoo system has

approximately 52,100 customers as of December 31, 2000 and had revenues of approximately $21.5 million for the year ended December 31, 2000.

OTHER ACQUISITIONS. Also in 2000, we completed other acquisitions for an aggregate purchase price of $88 million in cash. These systems served approximately 34,200 customers as of December 31, 2000 and had revenues of approximately $14.0 million for the year ended December 31, 2000.

PENDING AT&T TRANSACTIONS

In February 2001, we entered into several agreements with AT&T Broadband, LLC involving several strategic cable system transactions that will result in a net addition of approximately 512,000 customers for the Charter cable systems. In the pending AT&T transactions, we expect to acquire cable systems from AT&T Broadband serving approximately 574,000 customers in Missouri, Alabama, Nevada and California for a total of $1.79 billion. A portion of the purchase price will consist of Charter cable systems valued at $249 million serving approximately 62,000 customers in Florida. Of the balance of the purchase price, up to $501.5 million will be paid in Class A common stock and the remainder will be paid in cash. Charter Holdings and Charter Capital have a commitment for a bridge loan from Morgan Stanley Senior Funding, Inc. and Goldman Sachs Credit Partners LP for temporary financing of the cash portion of the purchase price. We expect to obtain permanent financing through one or more debt or equity financing transactions or a combination thereof. The acquisition transactions are expected to close in the second and/or third quarters of 2001, subject to certain closing conditions and regulatory review.

Unless otherwise stated in this Annual Report, the operating and financial data provided do not include the effect of the pending AT&T transactions.

BUSINESS STRATEGY

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

BUILD AND OPERATE A TECHNOLOGICALLY ADVANCED BROADBAND NETWORK. We are upgrading the technical quality and capacity of our existing systems. We will build out new systems to a minimum bandwidth of 550 megahertz or greater, which will allow us to:

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

- increase channel capacity up to 82 analog channels, and add even more channels and services when our bandwidth is used for digital signal transmission; and

- permit two-way communication, so that Internet access does not require a separate telephone line and our systems can provide telephony services.

By year-end 2002, when we anticipate that the upgrade of our existing systems will be substantially complete, we expect that approximately 93% of our customers will be served by cable systems with at least 550 megahertz bandwidth capacity, 88% of our customers will be served by cable systems with at least 750 megahertz bandwidth capacity and 89% of our customers will have two-way communication capability.

It is anticipated that upon completion of our upgrade, approximately 87% of our customers will be served by headends serving at least 10,000 customers. Headends are the control centers of a cable television system, where incoming signals are amplified, converted, processed and combined for transmission to the customer. Reducing the number of headends will reduce headend equipment and maintenance expenditures and, together with our other upgrades, will provide enhanced picture quality and system reliability.

In 2001, we plan to complete a national network operations center to monitor and control all aspects of our network to enhance the reliability of our upgraded systems and support our high-speed Internet access and other advanced products.

As we complete our planned upgrade and build out new systems, we will be well positioned to migrate our customers to the digital platform and deploy new technologically advanced products and services as they are developed.

OFFER AN ARRAY OF ADVANCED PRODUCTS AND SERVICES. We offer an array of advanced products and services to our customers, consistent with our Wired World(TM) vision. Using digital technology, we offer additional channels on our standard service packages, create new service packages, introduce multiple packages of premium services, increase the number of pay-per-view channels, and offer programming of local interest. We also offer digital music services and interactive program guides that are comprehensive guides to television program listings that can be accessed by channel, time, date or programming type. In addition, we offer interactive video programming, high-speed Internet access, including Internet access over the television, and video-on-demand. We also are currently exploring opportunities for telephony. We have entered into the Digeo Broadband joint venture to deliver high-speed Internet television portal services to our customers.

FOCUS ON THE CUSTOMER. To maximize customer satisfaction and loyalty, we operate our business to provide reliable, high-quality products and services and superior customer care. We tailor our product and service packages to suit the diverse communities we serve and satisfy local preferences for programming and value. We maintain a strong management presence at the local system level to improve our customer service and respond to local customer needs. We have launched one state-of-the-art regional customer contact center that provides customers with 24 X 7 access to specialized customer care representatives. Our objective is to have a customer contact center serving each of our 12 operating regions. We believe that our customer service efforts have contributed to our superior customer growth and will strengthen the Charter brand name and increase acceptance of our new advanced products and services.

EMPLOY INNOVATIVE MARKETING. We have developed and successfully implemented a variety of innovative marketing techniques to attract new customers, win back former customers, and increase revenue per customer. Our marketing efforts focus on offering Charter-branded entertainment and information services that provide value, choice, convenience and quality to our customers. We offer our expanded product and service offerings on a stand-alone basis and in varied packages that result in an attractive price/value relationship. We utilize database marketing to target audiences through direct mail and telemarketing. In addition, we promote our services in media advertising, by door-to-door selling and through e-marketing. We are implementing a retail sales strategy in coordination with consumer electronics retailers and other retailers. In addition, we have a retention and loyalty program for retaining customers that includes televised advertising to reinforce the link between quality service and the Charter brand name.

PRODUCTS AND SERVICES

We offer our customers traditional cable television services and programming as well as new and advanced high bandwidth services such as digital television and high-speed Internet access. We plan to continue to enhance and upgrade these services by adding new programming and other advanced products and services as they are developed. In 2001, we plan to focus on our digital television and high-speed Internet services, both of which are increasingly desired by customers. We will also increase the number of markets where we offer video-on-demand services.

TRADITIONAL CABLE TELEVISION SERVICES. Customers subscribing to both "basic" and "expanded basic" service generally receive a line-up of between 33 and 82 channels of television programming, depending on the bandwidth capacity of the system. Customers who pay additional amounts can also subscribe to additional channels, either individually or in packages, as add-ons to the basic channels. We tailor both our basic channel line-up and our additional channel offerings to each system according to demographics, programming preferences, competition, price sensitivity and local regulation.

Our traditional cable television service offerings include the following:

- BASIC CABLE. All of our customers receive a package of basic programming, which generally consists of local broadcast television, local community programming, including governmental and public access,

and limited satellite-delivered or non-broadcast channels (such as C-Span, religious and home-shopping).

- EXPANDED BASIC CABLE. This expanded programming level includes a package of satellite-delivered or non-broadcast channels (such as ESPN, CNN and Lifetime Television) in addition to the basic channel line-up.

- PREMIUM CHANNELS. These channels provide commercial-free movies, sports and other special event entertainment programming. Home Box Office, Cinemax, Showtime, the Movie Channel, Starz and Encore are examples of premium channels. Although we offer subscriptions to premium channels on an individual basis, we are offering an increasing number of premium channel packages and are bundling premium channels with our advances services.

- PAY-PER-VIEW CHANNELS. These channels allow customers to pay on a per event basis to view a single showing of a recently released movie, a one-time special sporting event or concert on a commercial-free basis.

ADVANCED PRODUCTS AND SERVICES. Cable's high bandwidth is a key factor in the successful delivery of advanced products and services. A variety of emerging technologies and increasing Internet usage by our customer base have presented us with substantial opportunities to expand our sources of revenue. In an increasing number of our systems, we now offer a variety of advanced products and services, including:

- digital television and its related enhancements, such as an interactive programming guide;

- high-speed Internet access via cable modems;

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

- video-on-demand;

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

- private network services such as voice and data transmission services to a network of interconnected locations of a single customer.

The following table summarizes our customer statistics for our analog and digital cable and advanced products and services. The pro forma statistics as of December 31, 1999 reflect all acquisitions closed since that date as if such acquisitions occurred on January 1, 1999:

	AS OF AND FOR THE YEAR ENDED	
	ACTUAL DECEMBER 31, 2000	PRO FORMA DECEMBER 31, 1999
VIDEO SERVICES		
Basic cable (Analog signal)		
Homes passed(a)	10,225,000	9,970,000
Basic customers(b)	6,350,900	6,193,700
Penetration(c)	62.1%	62.1%
Digital cable		
Homes passed(a)	8,793,000	4,675,000
Digital customers	1,069,500	155,400
Penetration(c)	12.2%	3.3%
Number of digital terminals deployed	1,336,900	176,600
INTERNET AND OTHER DATA SERVICES		
Cable modem high-speed Internet access		
Homes passed(a)	5,550,800	4,422,000
Cable modem customers	252,400	84,400
Penetration	4.5%	1.9%
Television-based Internet access		
Homes passed(a)	472,100	429,000
TV Internet customers	9,700	7,100
Penetration	2.1%	1.7%
INTERACTIVE TELEVISION (WINK)		
Homes passed(a)	3,271,430	983,239
Interactive TV customers	304,362	39,477

	PRO FORMA FOR THE YEAR ENDED	
	DECEMBER 31, 2000	DECEMBER 31, 1999
Average monthly pro forma revenue per basic customer(b)(d)	$43.31	$39.70
Average monthly pro forma operating cash flow per basic customer(b)(e)	$20.52	$17.67

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

(b) Basic customers are customers who receive basic cable service. All of our customers, including those receiving digital or advanced services, receive basic cable service.

(c) Penetration represents customers as a percentage of homes passed.

(d) Average pro forma monthly revenue per basic customer represents pro forma revenues from all sources, adjusted to illustrate the effect of all 1999 and 2000 acquisitions as if they had closed on January 1, 1999, divided by twelve, divided by the number of basic customers at the end of the year (actual for December 31, 2000 and pro forma for December 31, 1999, reflecting all acquisitions closed since this date).

(e) Average pro forma monthly operating cash flow per basic customer represents operating cash flow (defined as revenues less the sum of operating, general and administrative expenses and corporate expense charges-related party), adjusted to illustrate the effect of all 1999 and 2000 acquisitions as if they had closed on January 1, 1999, divided by twelve, divided by the number of basic customers at the end of

the year (actual for December 31, 2000 and pro forma for December 31, 1999, reflecting all acquisitions closed since this date).

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

We offer digital service to our customers in several different service combination packages. All digital packages include a digital set-top terminal, an interactive electronic programming guide, 45 channels of CD quality digital music, an expanded menu of pay-per-view channels and at least thirty additional digital channels. Certain digital packages also offer customers one or more premium channels of their choice with "multiplexes." Multiplexes give customers access to several different versions of the same premium channel which are varied as to time of broadcast (such as east and west coast time slots) or programming content theme (such as westerns or romance). Other digital packages bundle digital television with other advanced services, such as Internet access.

We expect to increase our digital customers to approximately two million and our digital penetration to over 30% of digital homes passed by December 31, 2001.

CABLE MODEM-BASED HIGH-SPEED INTERNET ACCESS. We offer high-speed data and Internet access to our residential customers primarily via cable modems attached to personal computers, at speeds of up to approximately 50 times the speed of a conventional telephone modem. By December 31, 2001, we expect to have approximately 500,000 cable-modem high-speed Internet customers.

We generally offer high-speed Internet access services under the Charter Pipeline(TM) brand. In some of our markets, however, our cable modem and Internet access service is a co-branded service with an Internet service provider.

TRADITIONAL DIAL-UP MODEM INTERNET ACCESS. Traditional dial-up Internet access is available upon customer request in a limited number of our markets where two-way cable modem Internet access is not yet available.

TV-BASED INTERNET ACCESS. We also have agreements with WorldGate, ICTV and Digeo to offer our residential customers high-speed Internet access over the television.

Our WorldGate television-based Internet access service offers easy, low-cost Internet access to customers at connection speeds ranging up to 128 kilobits per second. This service, with its user-friendly interface, appeals to first-time Internet users and does not require the use of a PC, an existing or additional telephone line, or any additional equipment. The Internet domain name of the customers who use this service is "Charter.net." This allows customers to switch or expand to our other Internet services without a change of e-mail address.

During 2001, we expect to offer Digeo Broadband's television-based Internet access service in several markets. The Digeo product is designed to blend the power of the Internet with the convenience of the television. Through the use of an advanced digital set-top terminal, customers will be able to access Internet-based streaming media on the television, including both local and national news, sports and entertainment. The Internet domain name of customers using this service will be "Charter TV." The Digeo product is a "portal," which is an Internet web site that serves as a user's initial point of entry to the World Wide Web. By offering selected content, services and links to other web sites, a portal guides and directs users through the World Wide Web. In addition, the portal generates revenues from advertising on its own web pages and by sharing revenues generated by linked or featured web sites.

We plan to use Digeo as our television-based portal for an initial six-year period. A Charter subsidiary and an affiliate of Mr. Allen own equity interests in Digeo.

VIDEO-ON-DEMAND. In 2000, we began the roll-out of video-on-demand (VOD) service to digital customers in some of our markets. With VOD service, customers can access hundreds of movies and other programming at any time, with digital picture quality. VOD allows full VCR functionality, including the ability to pause, rewind and fast-forward programs. Customers can also stop a program and resume watching it several hours later during the rental period. In addition, the VOD programming available in a particular market can be customized for market-based or customer preferences and local interest. For example, foreign language or other local programming could be offered in markets where such programming is likely to appeal to customers. Generally, customers pay for VOD (such as movies) on a per-selection basis. Some VOD programming is also available on a category basis (such as children's programming) for a single monthly fee.

At December 31, 2000, VOD was available to approximately 170,000 homes in our Los Angeles and Atlanta markets with approximately 450 titles available to customers. We expect VOD to be available to approximately 2.2 million homes passed by the end of 2001. In systems where VOD is available, it is included as a standard feature of our digital service packages. We utilize DIVA Systems Corporation, a company providing interactive VOD products and services to the cable industry, to provide us with hardware, software, programming and operational support.

INTERACTIVE VIDEO PROGRAMMING. We provide interactive programming using technology developed by Wink Communications, Inc. The Wink technology embeds interactive features, such as additional information and statistics about a television program or the option to order an advertised product, into programming and advertisements. A customer with a Wink-enabled set-top terminal and a Wink-enabled cable provider sees an icon flash on the screen when additional Wink features are available to enhance a program or advertisement. By pressing the select button on a standard remote control, a viewer of a Wink-enhanced program is able to access additional information regarding such program, including, for example, information on prior episodes or the program's characters. A viewer watching an advertisement would be able to access additional information regarding the advertised product and may also be able to utilize the two-way transmission features to order a product. We have bundled Wink's services with our traditional cable services in both our advanced analog and digital platforms. Wink's services are provided free of charge to the customer. A company controlled by Mr. Allen has a 4.0% equity interest in Wink.

Various programming networks, including CNN, NBC, ESPN, HBO, Showtime, Lifetime, VH1, the Weather Channel and Nickelodeon, together currently produce over 2,000 hours of Wink-enhanced programming per week. Under certain revenue-sharing arrangements, we will modify our headend technology to allow Wink-enabled programming to be offered on our systems. We receive fees from Wink each time one of our customers uses Wink to request certain additional information or order advertised products. Our customers average approximately 246,000 clicks per week on Wink icons.

PRIVATE BUSINESS NETWORKS. During 2000, we established Charter Business Networks as a separate division to offer integrated network solutions for data, video, Internet, and private voice communications to commercial and institutional customers in certain of our markets. These solutions include virtual local area and wide area networks with bandwidth and Internet access capacity based on customer needs, supported by remote monitoring.

TELEPHONY/VOICE SERVICES. We expect to be able to offer cable telephony services by the end of 2003 in selected markets using our systems' direct, two-way connections to homes and other buildings. We are exploring technologies using Internet protocol telephony to transmit digital voice signals over our systems. We have already begun an Internet protocol (IP) telephony trial in Wisconsin, and expect to launch a second trial in St. Louis in 2001. We have marketed telephony services as a competitive access provider in the state of Wisconsin through one of our subsidiaries, and are currently looking to expand our services as a competitive access provider into other states.

OTHER NEW BUSINESS INITIATIVES. We are seeking to provide our customers in 2001 with advanced digital set-top terminals that include digital video recording capabilities (commonly referred to as "DVR"). Built-in DVR capability in the set-top terminal will enable customers to store video, audio and Internet content. We are also exploring deployment of wireless networking technology for our cable modem customers.

SALE OF LOCAL ADVERTISING. We receive revenue from the sale of local advertising on satellite-delivered networks such as MTV, CNN, ESPN. In any particular system, we generally insert local advertising on a minimum of twelve networks, and have covered up to 40 channels. Our system rebuild and additional digital services launches have increased the number of channels, and made it possible to insert local advertising.

HOME SHOPPING. In 2000, we also received revenues from channels devoted exclusively to home shopping (such as HSN) and other channels that allow us to insert info-mercials during off-peak hours.

PRICING FOR OUR PRODUCTS AND SERVICES. Our revenues are derived principally from the monthly fees our customers pay for cable services. The rates we charge vary based on the market served and level of service selected, and are usuallyadjusted on an annual basis. As of December 31, 2000, the average monthly fee was $13.16 for basic service and $17.93 for expanded basic service. A one-time installation fee, which may be waived in part during certain promotional periods, is charged to new customers. We believe our rate practices are in accordance with Federal Communications Commission Guidelines and are consistent with those prevailing in the industry generally. See "Regulation and Legislation."

In accordance with the Federal Communications Commission's rules, the rates we charge for cable-related equipment, such as set-top terminals and remote control devices, and installation services are based on actual costs plus a permitted rate of return.

Although our service offerings vary according to market because of differences in the bandwidth capacity of the cable systems in each of our markets, competitive and regulatory factors, when offered on a stand-alone basis, our services are typically offered at monthly price ranges as follows:

SERVICE	PRICE RANGE
Basic cable	$ 9.95 - $14.00
Expanded basic cable	$15.00 - $29.00
Premium channel	$10.95 - $13.50
Pay-Per-View (per movie or event)	$ 2.95 - $50.95
Digital cable video packages	$45.95 - $59.95
High-speed Internet access by cable modem	$24.95 - $34.95
Video-on-Demand (per selection)	$ 0.99 - $ 9.95

MANAGEMENT OF OUR SYSTEMS. Our operating philosophy emphasizes decentralized management, with decisions being made as close to the customer as possible. We are organized into two divisions that contain a total of twelve operating regions. Each of the two divisions is managed by a Senior Vice President, who is responsible for overall supervision of the operating regions within the division. Each operating region is managed by a Senior Vice President or a Vice President, supported by operational, marketing and engineering personnel at the regional and local system level. Our consolidation of certain functions at the regional level has resulted in numerous operating efficiencies and superior customer care. At the same time, our centralized financial management by the corporate office enables us to set financial and operating benchmarks and monitor system performance on an ongoing basis. The corporate office also performs certain financial control functions such as accounting, finance and acquisitions, payroll and benefit administration, internal audit, purchasing and programming contract administration on a centralized basis.

The following table indicates the states covered by, and customer data for, each of our operating regions as of December 31, 2000.

REGION	STATES COVERED	NUMBER OF CUSTOMERS
WESTERN DIVISION		
Central	Missouri, Illinois, Indiana, Arkansas	486,800
North Central	Wisconsin, Minnesota	806,400
Southern California	Central and Southern California	642,200
Northwest	Northern California, Idaho, Oregon, Washington	486,200
Michigan	Michigan	621,300
National	Colorado, Kansas, Nebraska, New Mexico, Oklahoma, Texas, Utah, Arizona, Nevada	461,200
EASTERN DIVISION		
Southeast	North Carolina, South Carolina	568,400
South-Atlantic	Georgia, Florida	391,400
Mid-South	Georgia, Kentucky, Tennessee	557,800
Northeast	Connecticut, Massachusetts, New York, Vermont, New Hampshire	364,100
Gulf Coast	Alabama, Louisiana, Mississippi	427,400
Mid-Atlantic	Maryland, New York, Ohio, Pennsylvania, Virginia, W. Virginia, Delaware	537,700

CUSTOMER CARE

Maximizing customer satisfaction is a key element of our business strategy. In support of our commitment to customer satisfaction, we operate a 24-hour customer service hotline for nearly all of our systems and offer on-time installation and service guarantees.

To better serve our customers, we are consolidating some of our local customer care functions at the regional level. At December 31, 2000, we maintained 22 call centers handling approximately 56% of our customers, including our first state-of-the-art regional customer contact center that was established in 2000. We expect to complete six additional state-of-the-art regional customer contact centers in 2001. By establishing regional customer contact centers, we are able to service our customers 24 hours a day, seven days a week, with highly trained personnel. These regional centers utilize state-of-the-art equipment that enhances all interactions with our customers and provides a high-performance employee environment. Our customer care specialists receive extensive training to develop customer contact skills and product knowledge critical to high rates of customer retention as well as to selling additional services and higher levels of service to our customers. We expect that our customer care functions will benefit from the additional technologies available when our national and regional network operations centers are opened. We utilize surveys, focus groups and other research tools as part of our efforts to determine and respond to customer needs.

Consistent with our focus on customer satisfaction, we have implemented stringent customer care standards that we believe meet or exceed those established by the National Cable Television Association, the Washington, D.C.-based trade association for the cable industry. It is our policy that if an installer is late for a scheduled appointment the customer receives free installation, and if a service technician is late for a service call the customer receives a $20 credit.

OUR NETWORK TECHNOLOGY

As of December 31, 2000, our cable systems consisted of approximately 220,347 sheath miles, including approximately 29,829 sheath miles of fiber optic cable, passing approximately 10.2 million households and serving approximately 6.4 million customers. Fiber optic cable is a communications medium that uses glass fibers to transmit signals over long distances with minimal signal loss or distortion.

The following table describes the technological state of our systems as of December 31, 2000 and the anticipated progress of planned upgrades through year-end 2002, based on the percentage of our customers who will have access to the bandwidths listed below and two-way capability.

	LESS THAN 550 MEGAHERTZ	550 MEGAHERTZ TO 660 MEGAHERTZ	750 MEGAHERTZ	870 MEGAHERTZ	TWO-WAY CAPABILITY
December 31, 2000.....	33.4%	12.6%	37.5%	16.5%	57.1%
December 31, 2001.....	19.6%	12.8%	39.3%	28.3%	70.8%
December 31, 2002.....	6.9%	5.5%	43.8%	43.8%	89.0%

We have adopted the hybrid fiber coaxial cable (HFC) architecture as the standard for our ongoing systems upgrades. HFC architecture combines the use of fiber optic cable with coaxial cable. Fiber optic cable has excellent broadband frequency characteristics, noise immunity and physical durability and can carry hundreds of video, data and voice channels over extended distances. Coaxial cable is less expensive and requires a more extensive signal amplification in order to obtain the desired transmission levels for delivering channels. In most systems, we deliver our signals via fiber optic cable from the headend to a group of nodes, and use coaxial cable to deliver the signal from individual nodes to the homes passed served by that node. Our system design enables a maximum of 500 homes passed to be served by a single node. Currently, our average node serves approximately 380 homes passed. Our system design provides for six strands of fiber to each node, with two strands activated and four strands reserved for future services (sometimes referred to as "dark fiber"). We believe that this hybrid network design provides high capacity and superior signal quality, and will enable us to provide the newest forms of telecommunications services to our customers. It also provides reserve capacity for the addition of future services.

The primary advantages of HFC architecture over traditional coaxial-only cable networks include:

- increased bandwidth capacity, for more channels and other services;
- dedicated bandwidth for two-way services, which avoids reverse signal interference problems that can otherwise occur with two-way communication capability;
- improved picture quality and service reliability; and
- operating efficiencies resulting from a reduced number of headends.

In 2001, we will have a fully operational national network operations center to monitor our networks and ensure maximum quality of service. Monitoring becomes increasingly important as we increase the number of customers utilizing two-way high-speed data service. We plan to open regional operations centers in the future to augment our national center on an as-needed basis.

SALES AND MARKETING

We have a centralized team responsible for overseeing the sales and marketing strategies of our individual systems. For most of our systems with over 30,000 customers, we have a dedicated marketing manager, while smaller systems are handled regionally. We believe our success in marketing comes in large part from new and innovative ideas and from good interaction, quick information flow and sharing of best practices between our corporate office, which handles programs and administration, and our regional offices, which implement the various programs. In addition, we constantly monitor the regulatory arena, customer perception, competition, pricing and product preferences to increase our responsiveness to our customers.

Our long-term marketing objective is to increase our cash flow through deeper market penetration and growth in revenue per household. We hope that customers will come to view their cable connection as the best "pipeline" to the home for a multitude of services. To achieve this objective, we are pursuing the following strategies:

- increase the number of residential consumers who subscribe to digital service, which enables them to receive a greater number of television channels and interactive services;

- introduce new advanced products and services;

- design product offerings to enable greater opportunity for customer entertainment and information choices;

- package product offerings to promote the sale of premium services and niche programming, providing an attractive price/value relationship with our customers;

- target marketing opportunities based on geodemographic data and past purchasing behavior;

- develop specialized programs to attract former customers, households that have never subscribed and customers of competitive services; and

- employ Charter branding of products to promote customer awareness and loyalty.

We invest significant amounts of time, effort and financial resources in marketing new and existing services. To increase customer penetration and increase the level of services used by our customers, we use coordinated marketing techniques, including door-to-door solicitation, telemarketing, media advertising, e-marketing and direct mail solicitation. We believe we have one of the cable industry's highest success rates in attracting and retaining customers who have never before subscribed to cable services.

In 2001, we have begun to sell our services through consumer electronics retailers and other retailers that sell televisions or cable modems.

PROGRAMMING

GENERAL. We believe that offering a wide variety of conveniently scheduled programming is an important factor influencing a customer's decision to subscribe to and retain our cable services. We devote considerable resources to obtaining a wide range of programming that we believe will appeal to both existing and potential customers. We rely on extensive market research, customer demographics and local programming preferences to determine channel offerings in each of our markets. We obtain basic and premium programming from a number of suppliers, usually pursuant to a written contract. Our programming contracts generally continue for a fixed period of time, usually from three to ten years, and are subject to negotiated renewal. Some program suppliers offer financial support for the launch of a new channel and ongoing marketing support. We also try to negotiate volume discount pricing structures.

COSTS. Programming tends to be made available to us for a flat fee per customer. However, some channels are available without cost to us. In connection with the launch of a new channel, we may receive a distribution fee to support the channel launch. For home shopping channels, we receive a percentage of the amount spent in home shopping purchases by our customers on channels we carry.

Our cable programming costs have increased in recent years and are expected to continue to increase due to factors including:

- system acquisitions that increase the number of customers;

- additional programming being provided to customers as a result of system rebuilds that increase channel capacity;

- increased cost to produce or purchase cable programming; and

- inflationary or negotiated annual increases.

In every year we have operated, our costs to acquire programming have substantially exceeded customary inflationary and cost-of-living type increases. In particular, sports programming costs have increased significantly over the past several years. In addition, contracts to purchase sports programming sometimes contain built-in cost increases for programming added during the term of the contract.

Under rate regulations of the Federal Communications Commission, cable operators may increase their rates to customers to cover increased costs for programming, subject to certain limitations. See "Regulation and Legislation."

FRANCHISES

As of December 31, 2000, our systems operated under a total of approximately 4,520 franchises, permits and similar authorizations issued by local and state governmental authorities. Each franchise is awarded by a governmental authority and is usually not transferable unless the granting governmental authority consents. Most franchises are subject to termination proceedings in the event of a material breach. In addition, most franchises require us to pay the granting authority a franchise fee of up to 5.0% of gross revenues as defined by the franchise agreements, which is the maximum amount that may be charged under the applicable law.

Prior to the scheduled expiration of most franchises, we initiate renewal proceedings with the granting authorities. This process usually takes three years but can take a longer period of time and often involves substantial expense. The Communications Act provides for an orderly franchise renewal process in which granting authorities may not unreasonably withhold renewals. If a renewal is withheld and the granting authority takes over operation of the affected cable system or awards the cable franchise to another party, the granting authority must pay the existing cable operator the "fair market value" of the system. The Communications Act also established comprehensive renewal procedures requiring that an incumbent franchisee's renewal application be evaluated on its own merit and not as part of a comparative process with competing applications. In connection with the franchise renewal process, many governmental authorities require the cable operator to make certain commitments, such as technological upgrades to the system, which may require substantial capital expenditures. We cannot assure you that any particular franchise will be renewed or that it can be renewed on commercially favorable terms. Our failure to obtain renewals of our franchises, especially those in major metropolitan areas where we have the most customers, would have a material adverse effect on our business, results of operations and financial condition. Approximately 44% of the Company's franchises covering approximately 42% of the Company's basic cable customers expire within five years after December 31, 2000.

Under the 1996 Telecom Act, state and local authorities are prohibited from limiting, restricting or conditioning the provision of telecommunications services. They may, however, impose "competitively neutral" requirements and manage the public rights-of-way. Granting authorities may not require a cable operator to provide telecommunications services or facilities, other than institutional networks, as a condition of an initial franchise grant, a franchise renewal, or a franchise transfer. The 1996 Telecom Act also limits franchise fees to an operator's cable-related revenues and clarifies that they do not apply to revenues that a cable operator derives from providing new telecommunications services.

We believe our relations with the franchising authorities under which our systems are operated are generally good. Substantially all of the material franchises relating to our systems which are eligible for renewal have been renewed or extended at or prior to their stated expiration dates.

COMPETITION

We face competition in the areas of price, service offerings and service reliability. We compete with other providers of television signals and other sources of home entertainment. In addition, as we expand into additional services such as interactive services and telephony, we will face competition from other providers of each type of service. We operate in a very competitive business environment which can adversely affect our business and operations.

To date, we believe that we have not lost a significant number of customers or a significant amount of revenue to our competitors. However, competition from other providers of the technologies we expect to offer in the future may have a negative impact on our business in the future.

Through business developments such as the mergers of Tele-Communications, Inc. and AT&T and merger of America Online, Inc. (AOL) and Time Warner Inc., customers have come to expect a variety of services from a single provider. While these mergers are not expected to have a direct or immediate impact on our business, they encourage providers of cable and telecommunications services to expand their service offerings. They also encourage consolidation in the cable industry as cable operators recognize the competitive benefits of a large customer base and expanded financial resources.

Our key competitors include:

BROADCAST TELEVISION. Cable television has long competed with broadcast television, which consists of television signals that the viewer is able to receive without charge using an "off-air" antenna. The extent of such competition is dependent upon the quality and quantity of broadcast signals available through "off-air" reception compared to the services provided by the local cable system. The recent licensing of digital spectrum by the Federal Communications Commission will provide incumbent television licenses with the ability to deliver high definition television pictures and multiple digital-quality program streams, as well as advanced digital services such as subscription video and data transmission.

DBS. Direct broadcast satellite, known as DBS, is a significant competitor to cable systems. The DBS industry has grown rapidly over the last several years, far exceeding the growth rate of the cable television industry, and now serves more than 15 million subscribers nationwide. DBS service allows the subscriber to receive video services directly via satellite using a relatively small dish antenna. Moreover, video compression technology allows DBS providers to offer more than 100 digital channels, thereby surpassing the typical analog cable system. DBS companies historically were prohibited from retransmitting popular local broadcast programming. However, a change to the copyright laws in November 1999 eliminated this legal impediment. As a result, DBS companies are required to secure retransmission consent from the popular broadcast stations they wish to carry, and they will face mandatory carriage obligations of less popular broadcast stations as of January 2002. In response to the legislation, DirecTV, Inc. and EchoStar Communications Corporation have begun carrying the major network stations in the nation's top television markets. DBS, however, is limited in the local programming it can provide because of the current capacity limitations of satellite technology. It is, therefore, expected that DBS companies will offer local broadcast programming only in the larger U.S. markets in the foreseeable future. The DBS industry recently initiated a judicial challenge to the 2002 requirement mandating carriage of less popular broadcast stations. This lawsuit alleges that the requirement (similar to the one applicable to cable systems) is unconstitutional. EchoStar began providing high-speed Internet access in late 2000, and DirecTV, who has partnered with AOL, reports that it will begin providing its own version of high-speed Internet access shortly.

DSL. The deployment of digital subscriber line technology, known as DSL, allows Internet access to subscribers at data transmission speeds greater than available over conventional telephone lines. DSL service, therefore is competitive with high-speed Internet access over cable systems. Several telephone companies and other companies offer DSL service. The Federal Communications Commission has a policy of encouraging the deployment of DSL and similar technologies, both by incumbent telephone companies and newer, competing telephone companies. The Federal Communication Commission's decisions and policies in this area are subject to change. We cannot predict the likelihood of success of the Internet access services offered by our competitors, or the impact on our business and operations of these competitive ventures.

TRADITIONAL OVERBUILDS. Cable television systems are operated under non-exclusive franchises granted by local authorities. More than one cable system may legally be built in the same area. It is possible that a franchising authority might grant a second franchise to another cable operator and that such a franchise might contain terms and conditions more favorable than those afforded us. In addition, entities willing to establish an open video system, under which they offer unaffiliated programmers non-discriminatory access to a portion of the system's cable system may be able to avoid local franchising requirements. Well-financed businesses from outside the cable industry, such as public utilities that already possess fiber optic and other transmission lines in the areas they serve, may over time become competitors. There has been a recent increase in the number of cities that have constructed their own cable systems, in a manner similar to city-provided utility services. There also has been an increased interest in traditional overbuilds by private companies. Constructing a competing cable system is a capital intensive process which involves a high degree of risk. We believe that in order to be successful, a competitor's overbuild would need to be able to serve the homes and businesses in the overbuilt area on a more cost-effective basis than us. Any such overbuild operation would require either significant access to capital or access to facilities already in place that are capable of delivering cable television programming.

As of December 31, 2000, we were aware of overbuild situations in some of our cable systems. Approximately 139,000 basic customers, or approximately 2% of our total basic customers, are passed by these overbuilds. Additionally, we have been notified that franchises have been awarded, and present potential overbuild situations, in other systems. Approximately 253,000 or 4% of our total customers are located in areas with potential overbuilds. In response to such overbuilds, these systems have been designated priorities for the upgrade of cable plant and the launch of new and enhanced services. We have upgraded many of these systems to at least 750 megahertz two-way HFC architecture, and anticipate upgrading the other systems to at least 750 megahertz by December 31, 2001.

TELEPHONE COMPANIES AND UTILITIES. The competitive environment has been significantly affected by technological developments and regulatory changes enacted under the 1996 Telecom Act, which was designed to enhance competition in the cable television and local telephone markets. Federal cross-ownership restrictions historically limited entry by local telephone companies into the cable business. The 1996 Telecom Act modified this cross-ownership restriction, making it possible for local exchange carriers, who have considerable resources, to provide a wide variety of video services competitive with services offered by cable systems.

Several telephone companies have obtained or are seeking cable franchises from local governmental authorities and are constructing cable systems. Cross-subsidization by local exchange carriers of video and telephony services poses a strategic advantage over cable operators seeking to compete with local exchange carriers that provide video services. Some local exchange carriers may choose to make broadband services available under the open video regulatory framework of the Federal Communications Commission or through wireless technology. In addition, local exchange carriers provide facilities for the transmission and distribution of voice and data services, including Internet services, in competition with our existing or potential interactive services ventures and businesses, including Internet service, as well as data and other non-video services. We cannot predict the likelihood of success of the broadband services offered by our competitors or the impact on us of such competitive ventures. Although enthusiasm on the part of local exchange carriers appears to have waned in recent months, the entry of telephone companies as direct competitors in the video marketplace may become more widespread and could adversely affect the profitability of established cable systems.

As we expand our offerings to include Internet access and other telecommunications services, we will be subject to competition from other telecommunications providers. The telecommunications industry is highly competitive and includes competitors with greater financial and personnel resources, who have brand name recognition and long-standing relationships with regulatory authorities. Moreover, mergers, joint ventures and alliances among franchise, wireless or private cable operators, local exchange carriers and others may result in providers capable of offering cable television, Internet, and telecommunications services in direct competition with us.

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

PRIVATE CABLE. Additional competition is posed by satellite master antenna television systems known as "SMATV systems" serving multiple dwelling units, referred to in the cable industry as "MDU's", such as condominiums, apartment complexes and private residential communities. These private cable systems may enter into exclusive agreements with MDUs, which may preclude operators of franchise systems from serving residents of the private complexes. Private cable systems can offer both improved reception of local television stations and many of the same satellite-delivered program services that are offered by cable systems. SMATV systems currently benefit from operating advantages not available to franchised cable systems, including fewer regulatory burdens and no requirement to service low density or economically depressed communities. Exemption from regulation may provide a competitive advantage to certain of our current and potential competitors. The Federal Communications Commission ruled in 1998 that private cable operators can lease video distribution capacity from local telephone companies and distribute cable programming services over public rights-of-way without

obtaining a cable franchise. In 1999, both the Fifth and Seventh Circuit Courts of Appeals upheld this Federal Communications Commission policy.

WIRELESS DISTRIBUTION. Cable television systems also compete with wireless program distribution services such as multi-channel multipoint distribution systems or "wireless cable," known as MMDS. MMDS uses low-power microwave frequencies to transmit television programming over-the-air to paying customers. Wireless distribution services generally provide many of the programming services provided by cable systems, and digital compression technology is likely to increase significantly the channel capacity of their systems. Both analog and digital MMDS services require unobstructed "line of sight" transmission paths. Analog MMDS has impacted our customer growth in Riverside and Sacramento, California and Missoula, Montana. Digital MMDS is a more significant competitor, presenting potential challenges to us in Los Angeles, California and Atlanta, Georgia.

REGULATION AND LEGISLATION

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

The operation of a cable system is extensively regulated by the Federal Communications Commission, some state governments and most local governments. The Federal Communications Commission has the authority to enforce its regulations through the imposition of substantial fines, the issuance of cease and desist orders and/or the imposition of other administrative sanctions, such as the revocation of Federal Communications Commission licenses needed to operate certain transmission facilities used in connection with cable operations. The 1996 Telecom Act has altered the regulatory structure governing the nation's communications providers. It removed barriers to competition in both the cable television market and the local telephone market. Among other things, it also reduced the scope of cable rate regulation and encouraged additional competition in the video programming industry by allowing local telephone companies to provide video programming in their own telephone service areas.

The 1996 Telecom Act required the Federal Communications Commission to undertake a host of implementing rulemakings. Moreover, Congress and the Federal Communications Commission have frequently revisited the subject of cable regulation. Future legislative and regulatory changes could adversely affect our operations, and there have been calls in Congress and at the Federal Communications Commission to maintain or even tighten cable regulation in the absence of widespread effective competition.

CABLE RATE REGULATION. The 1992 Cable Act imposed an extensive rate regulation regime on the cable television industry, which limited the ability of cable companies to increase subscriber fees. Under that regime, all cable systems were subjected to rate regulation, unless they faced "effective competition" in their local franchise area. Federal law defines "effective competition" on a community-specific basis as requiring satisfaction of conditions not typically satisfied in the current marketplace.

Although the Federal Communications Commission established the underlying regulatory scheme, local government units, commonly referred to as local franchising authorities, are primarily responsible for administering the regulation of the lowest level of cable service -- the basic service tier, which typically contains local broadcast stations and public, educational, and government access channels. Before a local franchising authority begins basic service rate regulation, it must certify to the Federal Communications Commission that it will follow applicable federal rules. Many local franchising authorities have voluntarily declined to exercise their authority to regulate basic service rates. Local franchising authorities also have primary responsibility for regulating cable equipment rates. Under federal law, charges for various types of cable equipment must be unbundled from each other and from monthly charges for programming services.

As of December 31, 2000, approximately 17% of our local franchising authorities were certified to regulate basic tier rates. The 1992 Cable Act permits communities to certify and regulate rates at any time, so that it is possible that additional localities served by the systems may choose to certify and regulate basic rates in the future.

The Federal Communications Commission historically administered rate regulation of cable programming service tiers, which are the expanded basic programming packages that offer services other than basic programming and which typically contain satellite-delivered programming. As of December 31, 2000, we had cable programming service tier rate complaints relating to approximately 414,000 customers pending at the Federal Communications Commission. Under the 1996 Telecom Act, however, the Federal Communications Commission's authority to regulate cable programming service tier rates expired on March 31, 1999. The Federal Communications Commission has taken the position that it will still adjudicate pending cable programming service tier complaints but will strictly limit its review, and possible refund orders, to the time period until March 31, 1999. We do not believe any adjudications regarding these complaints will have a material adverse effect on our business. The elimination of cable programming service tier regulation affords us substantially greater pricing flexibility.

Under the rate regulations of the Federal Communication Commission, most cable systems were required to reduce their basic service tier and cable programming service tier rates in 1993 and 1994, and have since had their rate increases governed by a complicated price cap scheme that allows for the recovery of inflation and certain increased costs, as well as providing some incentive for expanding channel carriage. The Federal Communications Commission has modified its rate adjustment regulations to allow for annual rate increases and to minimize previous problems associated with regulatory lag. Operators also have the opportunity to bypass this "benchmark" regulatory scheme in favor of traditional "cost-of-service" regulation in cases where the latter methodology appears favorable. Cost of service regulation is a traditional form of rate regulation, under which a utility is allowed to recover its costs of providing the regulated service, plus a reasonable profit. The Federal Communications Commission and Congress have provided various forms of rate relief for smaller cable systems owned by smaller operators. Premium cable services offered on a per-channel or per-program basis remain unregulated. However, federal law requires that the basic service tier be offered to all cable subscribers and limits the ability of operators to require purchase of any cable programming service tier if a customer seeks to purchase premium services offered on a per-channel or per-program basis, subject to a technology exception which expires in 2002.

As noted above, Federal Communications Commission regulation of cable programming service tier rates for all systems, regardless of size, expired pursuant to the 1996 Telecom Act on March 31, 1999. As a result, the regulatory requirements just discussed are now essentially applicable only to the basic service tier and cable equipment. The 1996 Telecom Act also relaxes existing "uniform rate" requirements by specifying that uniform rate requirements do not apply where the operator faces "effective competition," and by exempting bulk discounts to multiple dwelling units, although complaints about predatory pricing still may be made to the Federal Communications Commission.

CABLE ENTRY INTO TELECOMMUNICATIONS. The 1996 Telecom Act creates a more favorable environment for us to provide telecommunications services beyond traditional video delivery. It provides that no state or local laws or regulations may prohibit or have the effect of prohibiting any entity from providing any interstate or intrastate telecommunications service. A cable operator is authorized under the 1996 Telecom Act to provide telecommunications services without obtaining a separate local franchise. States are authorized, however, to impose "competitively neutral" requirements regarding universal service, public safety and welfare, service quality, and consumer protection. State and local governments also retain their authority to manage the public rights-of-way and may require reasonable, competitively neutral compensation for management of the public rights-of-way when cable operators provide telecommunications service. The favorable pole attachment rates afforded cable operators under federal law can be gradually increased by utility companies owning the poles, beginning in 2001, if the operator provides telecommunications service, as well as cable service, over its plant. The Federal Communications Commission clarified that a cable operator's favorable pole rates are not endangered by the provision of Internet access, but a recent decision by the 11th Circuit Court of Appeals disagreed and suggested that Internet traffic is neither cable service nor telecommunications service and might leave cable attachments that carry Internet traffic ineligible for Pole Attachment Act protections. This decision could lead to substantial increases in pole attachment rates, and certain utilities have already proposed vastly higher pole attachment rates based in part on the existing court decision. The

United States Supreme Court is now reviewing this decision, and the Eleventh Circuit mandate has been stayed pending Supreme Court action.

Cable entry into telecommunications will be affected by the rulings and regulations implementing the 1996 Telecom Act, including the rules governing interconnection. A cable operator offering telecommunications generally needs efficient interconnection with other telephone companies to provide a viable service. A number of details designed to facilitate interconnection are subject to ongoing regulatory and judicial review, but the basic obligation of incumbent telephone companies to interconnect with competitors, such as cable companies offering telephone service, is well established. Even so, the economic viability of different interconnection arrangements can be greatly affected by regulatory changes. Consequently, we cannot predict whether reasonable interconnection terms will be available in any particular market we may choose to enter.

INTERNET SERVICE. Although there is at present no significant federal regulation of cable system delivery of Internet services, and the Federal Communications Commission has issued several reports finding no immediate need to impose such regulation, this situation may change as cable systems expand their broadband delivery of Internet services. In particular, proposals have been advanced at the Federal Communications Commission and Congress that would require cable operators to provide access to unaffiliated Internet service providers and online service providers. The Federal Communications Commission recently rejected a petition by certain Internet service providers attempting to use existing access rules designed for video programming service providers to gain access to cable system delivery. The Federal Trade Commission and the Federal Communications Commission recently imposed certain "open-access" requirements on Time Warner and AOL in connection with their merger, but those requirements are not applicable to other cable operators.

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

In response to the Ninth Circuit decision, the Federal Communications Commission has initiated a new proceeding to categorize cable-delivered Internet service and perhaps establish an appropriate regulatory scheme. The Ninth Circuit decision is the leading case on cable-delivered Internet service at this point, but the Federal District Court for the Eastern District of Virginia reached a similar deregulatory result in a May 2000 ruling, albeit using a different legal analysis. It concluded that broadband Internet service was a cable service, but that multiple provisions of the Telecommunications Act preempted local regulation. A Federal district court in Florida recently addressed a similar "open-access" requirement in a local franchise and struck down the requirement as unconstitutional. There are other instances where "open-access" requirements have been imposed and judicial challenges are pending. If regulators are allowed to impose Internet access requirements on cable operators, it could burden the capacity of cable systems and complicate our own plans for providing Internet service.

TELEPHONE COMPANY ENTRY INTO CABLE TELEVISION. The 1996 Telecom Act allows telephone companies to compete directly with cable operators by repealing the historic telephone company/cable cross-ownership ban. Local exchange carriers, including the regional telephone companies, can now compete with cable operators both inside and outside their telephone service areas with certain regulatory safeguards. Because of their resources, local exchange carriers could be formidable competitors to traditional cable operators. Various local exchange carriers already are providing video programming services within their telephone service areas

through a variety of distribution methods, including both the deployment of broadband wire facilities and the use of wireless transmission.

Under the 1996 Telecom Act, local exchange carriers or any other cable competitor providing video programming to subscribers through broadband wire should be regulated as a traditional cable operator, subject to local franchising and federal regulatory requirements, unless the local exchange carrier or other cable competitor elects to deploy its broadband plant as an open video system (OVS). To qualify for favorable open video system status, the competitor must reserve two-thirds of the system's activated channels for unaffiliated entities. The Fifth Circuit Court of Appeals reversed certain of the Federal Communications Commission's open video system rules, including its preemption of local franchising. The Federal Communications Commission subsequently revised its OVS rules to eliminate this general preemption, thereby leaving franchising discretion to state and local authorities. It is unclear what effect this ruling will have on the entities pursuing open video system operation.

Although local exchange carriers and cable operators can now expand their offerings across traditional service boundaries, the general prohibition remains on local exchange carrier buyouts of co-located cable systems. Co-located cable systems are cable systems serving an overlapping territory. Cable operator buyouts of co-located local exchange carrier systems, and joint ventures between cable operators and local exchange carriers in the same market are also prohibited. The 1996 Telecom Act provides a few limited exceptions to this buyout prohibition, including a carefully circumscribed "rural exemption." The 1996 Telecom Act also provides the Federal Communications Commission with the limited authority to grant waivers of the buyout prohibition.

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

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

Pursuant to the 1992 Cable Act, the Federal Communications Commission adopted rules precluding a cable system from devoting more than 40% of its activated channel capacity to the carriage of affiliated national video program services. Also pursuant to the 1992 Cable Act, the Federal Communications Commission has adopted rules that preclude any cable operator from serving more than 30% of all U.S. domestic multichannel video subscribers, including cable and direct broadcast satellite subscribers. The D.C. District Court of Appeals upheld this statutory restriction, and the Federal Communications Commission has now ruled that AT&T must divest certain properties to come into compliance. The Federal Communications Commission's implementation of ownership restrictions is currently subject to judicial review.

MUST CARRY/RETRANSMISSION CONSENT. The 1992 Cable Act contains broadcast signal carriage requirements. Broadcast signal carriage is the transmission of broadcast television signals over a cable system to cable customers. These requirements, among other things, allow local commercial television broadcast stations to elect once every three years between "must carry" status or "retransmission consent" status. Less popular stations typically elect must carry, which is the broadcast signal carriage requirement that allows local commercial television broadcast stations to require a cable system to carry the station. More popular stations, such as those affiliated with a national network, typically elect retransmission consent which is the broadcast signal carriage requirement that allows local commercial television broadcast stations to negotiate for payments for granting permission to the cable operator to carry the stations. Must carry requests can dilute the appeal of a cable system's programming offerings because a cable system with limited channel capacity may

be required to forego carriage of popular channels in favor of less popular broadcast stations electing must carry. Retransmission consent demands may require substantial payments or other concessions. Either option has a potentially adverse effect on our business. The burden associated with must carry may increase substantially if broadcasters proceed with planned conversion to digital transmission and the Federal Communications Commission determines that cable systems must carry all analog and digital broadcasts in their entirety. This burden would reduce capacity available for more popular video programming and new internet and telecommunications offerings. The Federal Communications Commission tentatively decided against imposition of dual digital and analog must carry in a January 2001 ruling. At the same time, however, it initiated further fact-gathering which ultimately could lead to a reconsideration of the tentative conclusion.

ACCESS CHANNELS. Local franchising authorities can include franchise provisions requiring cable operators to set aside certain channels for public, educational and governmental access programming. Federal law also requires cable systems to designate a portion of their channel capacity, up to 15% in some cases, for commercial leased access by unaffiliated third parties. The Federal Communications Commission has adopted rules regulating the terms, conditions and maximum rates a cable operator may charge for commercial leased access use. We believe that requests for commercial leased access carriages have been relatively limited. The Federal Communications Commission recently rejected a request that unaffiliated Internet service providers be found eligible for commercial leased access.

ACCESS TO PROGRAMMING. To spur the development of independent cable programmers and competition to incumbent cable operators, the 1992 Cable Act imposed restrictions on the dealings between cable operators and cable programmers. Of special significance from a competitive business posture, the 1992 Cable Act precludes video programmers affiliated with cable companies from favoring their cable operators over new competitors and requires such programmers to sell their programming to other multichannel video distributors. This provision limits the ability of vertically integrated cable programmers to offer exclusive programming arrangements to cable companies. This prohibition is scheduled to expire in October 2002, unless the Federal Communications Commission determines that an extension is necessary to protect competition and diversity. There also has been interest expressed in further restricting the marketing practices of cable programmers, including subjecting programmers who are not affiliated with cable operators to all of the existing program access requirements, and subjecting terrestrially-delivered programming to the program access requirements. Terrestrially-delivered programming is programming delivered other than by satellite. These changes should not have a dramatic impact on us, but would limit potential competitive advantages we now enjoy. Pursuant to the Satellite Home Viewer Improvement Act, the Federal Communications Commission has adopted regulations governing retransmission consent negotiations between broadcasters and all multichannel video programming distributors, including cable and DBS.

INSIDE WIRING; SUBSCRIBER ACCESS. In an order issued in 1997, the Federal Communications Commission established rules that require an incumbent cable operator upon expiration of a multiple dwelling unit service contract to sell, abandon, or remove "home run" wiring that was installed by the cable operator in a multiple dwelling unit building. These inside wiring rules are expected to assist building owners in their attempts to replace existing cable operators with new programming providers who are willing to pay the building owner a higher fee, where such a fee is permissible. The Federal Communications Commission has also proposed terminating all exclusive multiple dwelling unit service agreements held by incumbent operators, but allowing such contracts when held by new entrants. In another proceeding, the Federal Communications Commission has preempted restrictions on the deployment of private antenna on rental property within the exclusive use of a tenant, such as balconies and patios. This Federal Communications Commission ruling may limit the extent to which we along with multiple dwelling unit owners may enforce certain aspects of multiple dwelling unit agreements which otherwise prohibit, for example, placement of digital broadcast satellite receiver antennae in multiple dwelling unit areas under the exclusive occupancy of a renter. These developments may make it even more difficult for us to provide service in multiple dwelling unit complexes.

OTHER REGULATIONS OF THE FEDERAL COMMUNICATIONS COMMISSION. In addition to the Federal Communications Commission regulations noted above, there are other regulations of the Federal Communications Commission covering such areas as:

- equal employment opportunity,
- subscriber privacy,
- programming practices, including, among other things,
  (1) syndicated program exclusivity, which is a Federal Communications Commission rule which requires a cable system to delete particular programming offered by a distant broadcast signal carried on the system which duplicates the programming for which a local broadcast station has secured exclusive distribution rights,
  (2) network program nonduplication,
  (3) local sports blackouts,
  (4) indecent programming,
  (5) lottery programming,
  (6) political programming,
  (7) sponsorship identification,
  (8) children's programming advertisements, and
  (9) closed captioning,
- registration of cable systems and facilities licensing,
- maintenance of various records and public inspection files,
- aeronautical frequency usage,
- lockbox availability,
- antenna structure notification,
- tower marking and lighting,
- consumer protection and customer service standards,
- technical standards,
- consumer electronics equipment compatibility, and
- emergency alert systems.

The Federal Communications Commission recently ruled that cable customers must be allowed to purchase set-top terminals from third parties and established a multi-year phase-in during which security functions, which would remain in the operator's exclusive control, would be unbundled from basic converter functions, which could then be satisfied by third party vendors. The first phase implementation date was July 1, 2000. Compliance was technically and operationally difficult in some locations, so we and several other cable operators filed a request at the Federal Communications Commission that the requirement be waived in those systems. The request resulted in a temporary deferral of the compliance deadline for those systems.

The Federal Communications Commission recently initiated an inquiry to determine whether the cable industry's future provision of interactive services should be subject to regulations ensuring equal access and competition among service vendors. The inquiry, which grew out of the Commission's review of the AOL-Time Warner merger, is in its earliest stages, but is yet another expression of regulatory concern regarding control over cable capacity.

COPYRIGHT. Cable television systems are subject to federal copyright licensing covering carriage of television and radio broadcast signals. In exchange for filing certain reports and contributing a percentage of their revenues to a federal copyright royalty pool, that varies depending on the size of the system, the number of distant broadcast television signals carried, and the location of the cable system, cable operators can obtain blanket permission to retransmit copyrighted material included in broadcast signals. The U.S. Copyright Office recently adopted an industry agreement providing for a modest increase in the copyright royalty rates. The possible modification or elimination of this compulsory copyright license is the subject of continuing legislative review and could adversely affect our ability to obtain desired broadcast programming. We cannot predict the outcome of this legislative activity. Copyright clearances for nonbroadcast programming services are arranged through private negotiations.

Cable operators distribute locally originated programming and advertising that use music controlled by the two principal major music performing rights organizations, the American Society of Composers, Authors and Publishers and Broadcast Music, Inc. The cable industry has had a long series of negotiations and adjudications with both organizations. A prior voluntarily negotiated agreement with Broadcast Music has now expired, and is subject to further proceedings. The governing rate court recently set retroactive and prospective cable industry rates for American Society of Composers music based on the previously negotiated Broadcast Music rate. Although we cannot predict the ultimate outcome of these industry proceedings or the amount of any license fees we may be required to pay for past and future use of association-controlled music, we do not believe such license fees will be significant to our business and operations.

STATE AND LOCAL REGULATION. Cable systems generally are operated pursuant to nonexclusive franchises granted by a municipality or other state or local government entity in order to cross public rights-of-way. Federal law now prohibits local franchising authorities from granting exclusive franchises or from unreasonably refusing to award additional franchises. Cable franchises generally are granted for fixed terms and in many cases include monetary penalties for non-compliance and may be terminable if the franchisee fails to comply with material provisions.

The specific terms and conditions of franchises vary materially between jurisdictions. Each franchise generally contains provisions governing cable operations, service rates, franchising fees, system construction and maintenance obligations, system channel capacity, design and technical performance, customer service standards, and indemnification protections. A number of states, including Connecticut, subject cable systems to the jurisdiction of centralized state governmental agencies, some of which impose regulation of a character similar to that of a public utility. Although local franchising authorities have considerable discretion in establishing franchise terms, there are certain federal limitations. For example, local franchising authorities cannot insist on franchise fees exceeding 5% of the system's gross cable-related revenues, cannot dictate the particular technology used by the system, and cannot specify video programming other than identifying broad categories of programming. Certain states are considering the imposition of new broadly applied telecommunications taxes.

Federal law contains renewal procedures designed to protect incumbent franchisees against arbitrary denials of renewal. Even if a franchise is renewed, the local franchising authority may seek to impose new and more onerous requirements such as significant upgrades in facilities and service or increased franchise fees as a condition of renewal. Similarly, if a local franchising authority's consent is required for the purchase or sale of a cable system or franchise, such local franchising authority may attempt to impose more burdensome or onerous franchise requirements in connection with a request for consent. Historically, most franchises have been renewed for and consents have been granted to cable operators that have provided satisfactory services and have complied with the terms of their franchise.

Under the 1996 Telecom Act, states and local franchising authorities are prohibited from limiting, restricting, or conditioning the provision of competitive telecommunications services, except for certain "competitively neutral" requirements and as necessary to manage the public rights-of-way. This law should facilitate entry into competitive telecommunications services, although certain jurisdictions still may attempt to impose rigorous entry requirements. In addition, local franchising authorities may not require a cable operator to provide any telecommunications service or facilities, other than institutional networks under

certain circumstances, as a condition of an initial franchise grant, a franchise renewal, or a franchise transfer. The 1996 Telecom Act also provides that franchising fees are limited to an operator's cable-related revenues and do not apply to revenues that a cable operator derives from providing new telecommunications services.

EMPLOYEES

During 2000, pursuant to mutual services agreement between Charter Communications Inc. and Charter Investment, Inc., Charter Investment leased the necessary personnel and provided services to Charter Communications, Inc. to manage Charter Communications Holding Company and its subsidiaries. Effective January 1, 2001, Charter Investment personnel became employees of Charter Communications Holding Company and the mutual services agreement was amended to add Charter Communications Holding Company as a party and provide that both Charter Investment and Charter Communications Holding Company will provide services to Charter Communications, Inc. on a cost reimbursement basis.

Charter Communications, Inc. currently has only fifteen employees, all of whom are senior management. The corporate office also includes employees of Charter Communications Holdings Company. The corporate officers are responsible for coordinating and overseeing our operations, including certain critical functions, such as marketing and engineering, that are conducted by personnel at the regional and local system level. The corporate office also performs certain financial control functions such as accounting, finance and acquisitions, payroll and benefit administration, internal audit, purchasing and programming contract administration on a centralized basis.

As of December 31, 2000, our operating subsidiaries had approximately 13,490 full-time equivalent employees of which approximately 300 were represented by collective bargaining agreements. We believe we have a good relationship with our employees and have never experienced a work stoppage.

ITEM 2. PROPERTIES

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

Our cable television plant and related equipment are generally attached to utility poles under pole rental agreements with local public utilities and telephone companies, and in certain locations are buried in underground ducts or trenches. We own or lease real property for signal reception sites and business offices in many of the communities served by our systems and for our principal executive offices. We own most of our service vehicles.

Our subsidiaries own or lease the real property and buildings for our regional data and call centers and our regional and divisional administrative offices. Our subsidiaries generally have leased space for business offices throughout our operating regions, although an increasing number of our systems are now purchasing property for system offices. Our headend locations are generally located on owned or leased parcels of land, and we generally own the towers on which our equipment is located. We plan to purchase real property in May 2001 for our corporate office.

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

ITEM 3. LEGAL PROCEEDINGS

We are involved from time to time in routine legal matters and other claims incidental to our business. We believe that the resolution of such matters, taking into account established reserves and insurance, will not have a material adverse impact on our consolidated financial position or results of operations.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS.

The owner of our Class B common stock voted to amend Charter's Restated Certificate of Incorporation on October 24, 2000 to become a member of Cable Sports Southeast, LLC and a shareholder of High-Speed Access Corp. In accordance with the certificate of incorporation of Charter Communications, Inc., these matters were voted on by the holders of Class B common stock only. Mr. Allen is the sole holder of our Class B common stock.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS.

(A) MARKET INFORMATION

Our Class A common stock is quoted on the Nasdaq National Market System under the ticker symbol "CHTR."

QUARTERLY MARKET INFORMATION -- CLASS A COMMON STOCK

2000	HIGH	LOW
First quarter	$22.625	$14.000
Second quarter	$16.563	$10.000
Third quarter	$17.063	$12.375
Fourth quarter	$24.188	$16.188

1999	HIGH	LOW
Fourth quarter*	27.750	19.500

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* We completed our initial public offering of Class A common stock on November 8, 1999. The initial public offering price per share was $19.00.

(B) HOLDERS

As of February 26, 2000, there were approximately 2,773 holders of our Class A common stock (representing an aggregate of approximately 176,045 beneficial holders) and one holder of our Class B common stock. No preferred stock is outstanding.

(C) DIVIDENDS

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

(D) RECENT SALES OF UNREGISTERED SECURITIES

On February 14, 2000, we purchased Bresnan Communications Company Limited Partnership for a total purchase price of approximately $3.1 billion, consisting of approximately $1.1 billion in cash, $1.0 billion in Class C membership units in Charter Communications Holding Company and Class A membership units in CC VII, LLC that are exchangeable for Charter Communications, Inc. Class A common stock, and $963.3 million in assumed debt. The Bresnan sellers have unlimited "piggyback" registration rights and up to four "demand" registration rights with respect to the Class A common stock issued in exchange for the membership units in Charter Communications Holding Company and CC VII, LLC. The demand registration rights must be exercised with respect to tranches of Class A common stock worth at least $40 million at the time of notice of demand or at least $60 million at the initial public offering price. The above securities were offered and sold by Charter in reliance upon the exemption from registration pursuant to Section 4(2) of the Securities Act.

ITEM 6. SELECTED FINANCIAL DATA.

	CHARTER COMMUNICATIONS PROPERTIES HOLDINGS			CHARTER COMMUNICATIONS, INC.		
	YEAR ENDED DECEMBER 31,		1/1/98 THROUGH	12/24/98 THROUGH	YEAR ENDED DECEMBER 31,	
	1996	1997	12/23/98	12/31/98	1999	2000
	(DOLLARS IN THOUSANDS, EXCEPT PER SHARE DATA)					
Statement of Operations:						
Revenues	$14,881	$18,867	$ 49,731	$ 13,713	$ 1,428,244	$ 3,249,222
Operating Expenses:						
Operating, general and administrative	8,123	11,767	25,952	7,134	737,957	1,651,353
Depreciation and amortization	4,593	6,103	16,864	8,318	745,315	2,473,082
Option compensation expense	--	--	--	845	79,979	40,978
Management fees/corporate expense charges	446	566	6,176	473	51,428	55,243
Total operating expenses	13,162	18,436	48,992	16,770	1,614,679	4,220,656
Income (loss) from operations	1,719	431	739	(3,057)	(186,435)	(971,434)
Interest expense	(4,415)	(5,120)	(17,277)	(2,353)	(477,799)	(1,059,130)
Interest income	20	41	44	133	34,467	7,348
Loss on equity investments	--	--	--	--	--	(19,262)
Other income (expense)	(47)	25	(728)	--	(8,039)	(12,467)
Income (loss) before income taxes and minority interest	(2,723)	(4,623)	(17,222)	(5,277)	(637,806)	(2,054,945)
Income tax expense	--	--	--	--	(1,030)	--
Income (loss) before minority interest	(2,723)	(4,623)	(17,222)	(5,277)	(638,836)	(2,054,945)
Minority interest in loss of subsidiary	--	--	--	5,275	572,607	1,226,295
Net income (loss)	$(2,723)	$(4,623)	$(17,222)	$ (2)	$ (66,229)	$ (828,650)
Loss per common share, basic and diluted	N/A	N/A	N/A	$ (0.04)	$ (2.22)	$ (3.67)
Weighted-average common shares outstanding	N/A	N/A	N/A	50,000	29,811,202	225,697,775
Balance sheet data (at end of period)						
Total assets	$67,994	$55,811	$281,969	$4,335,527	$18,966,507	$ 23,043,566
Total debt	59,222	41,500	274,698	2,002,206	8,936,455	13,060,455
Minority interest	--	--	--	2,146,549	5,381,331	4,089,329
Redeemable securities	--	--	--	--	750,937	1,104,327
Member's equity (deficit)/Shareholders' equity	2,648	(1,975)	(8,397)	830	3,011,079	3,123,204

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

Reference is made to the "Certain Trends and Uncertainties" section below in this Management's Discussion and Analysis for a discussion of important factors that could cause actual results to differ from expectations and non-historical information contained herein. In addition, the following discussion should be read in conjunction with the audited consolidated financial statements of Charter Communications, Inc. as of and for the years ended December 31, 2000 and 1999 and for the period from December 24, 1998 through December 31, 1998 and the audited consolidated financial statements of Charter Communications Properties Holdings, LLC (CCPH) for the period from January 1, 1998 through December 23, 1998.

INTRODUCTION

We do not believe that our historical financial condition and results of operations are accurate indicators of future results because of certain significant past events. Those events include numerous mergers,

acquisitions, and debt financing transactions over the last few years and our initial public stock offering in November 1999.

ORGANIZATIONAL HISTORY

Our organizational structure is very complex and is described in more detail in the forepart of this Form 10-K. Prior to the acquisition of the Charter companies by Mr. Allen on December 23, 1998 and the merger of Marcus Holdings with and into Charter Holdings effective April 7, 1999, the cable systems of the Charter and Marcus companies were operated under four groups of companies. Three of these groups were comprised of companies that were managed by Charter Investment and in which Charter Investment had an ownership interest. The fourth group was comprised of companies that were subsidiaries of Marcus Holdings which Charter Investment began managing in October 1998.

THE CHARTER COMPANIES

Prior to the acquisition by Mr. Allen, the Charter companies were as follows:

(1) CCPH

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

(2) CCA Group

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

(3) CharterComm Holdings, LLC

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

The cable systems were owned by the various subsidiaries of CharterComm Holdings. In connection with Mr. Allen's acquisition of us on December 23, 1998, some of the non-operating subsidiaries, including CharterComm Holdings were merged out of existence.

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

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

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

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

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

THE MARCUS COMPANIES

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

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

ACQUISITIONS

Since January 1, 1999, we completed sixteen acquisitions for an aggregate purchase price of $14.3 billion including aggregate cash payments of $9.1 billion, $3.3 billion of assumed debt and $1.9 billion of equity interests issued. These acquisitions were funded through the issuance of stock and long-term debt, bank borrowings and internally generated funds. In 2000, we transferred the cable systems we acquired in three of those acquisitions (Fanch, Falcon and Avalon) to Charter Holdings. All acquisitions were accounted for under the purchase method of accounting and results of operations were included in our consolidated financial statements from their respective dates of acquisition.

The following table sets forth information on our acquisitions in 1999 and 2000.

	ACQUISITION DATE	PURCHASE PRICE (IN MILLIONS) CASH PAID	ASSUMED DEBT	SECURITIES ISSUED	TOTAL PRICE	ACQUIRED CUSTOMERS	REVENUES SINCE ACQUISITION DATE 1999	2000
							(IN THOUSANDS)	
Renaissance	4/99	$ 348	$ 111	--	$ 459	134,000	$ 42,032	$ 70,312
American Cable	5/99	240	--	--	240	69,000	24,904	42,151
Greater Media Systems	6/99	500	--	--	500	176,000	32,313	95,988
Helicon	7/99	410	115	25(a)	550	171,000	35,658	89,872
Vista	7/99	126	--	--	126	26,000	5,751	14,253
Cable Satellite	8/99	22	--	--	22	9,000	1,917	4,750
Rifkin	9/99	1,200	128	133(b)	1,461	463,000	67,514	236,370
InterMedia	10/99	873	--	--	873(c)	278,000	54,850	229,489
Fanch	11/99	2,400	--	--	2,400	535,600	32,281	266,031
Falcon	11/99	1,250	1,700	550(d)	3,500	977,200	56,051	456,999
Avalon	11/99	558	274	--	832	270,800	13,929	124,068
Total -- 1999 Acquisitions		$7,927	$2,328	$ 708	$10,963	3,109,600		
Interlake	1/00	13	--	--	13	6,000	--	1,713
Bresnan	2/00	1,100	963	1,015(e)	3,078	695,800	--	297,080(g)
Capital Cable	4/00	60	--	--	60	23,200	--	7,513
Farmington	4/00	15	--	--	15	5,700	--	1,571
Kalamazoo	9/00	--	--	171(f)	171	50,700	--	7,360
Total -- 2000 Acquisitions		$1,188	$ 963	$1,186	$ 3,337	781,400		
Total -- 1999 & 2000 Acquisitions		$9,115	$3,291	$1,894	$14,300	3,891,000	$367,200	$1,945,520

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(a) Purchase price component represents a preferred limited liability interest of Charter-Helicon, LLC, a direct wholly owned subsidiary.

(b) Purchase price component relates to equity in Charter Communications Holding Company.

(c) As part of this transaction, we agreed to "swap" some of our non-strategic cable systems serving customers in Indiana, Montana, Utah & Northern Kentucky. At the closing we retained a cable system located in Indiana for which we were unable to timely obtain necessary regulatory approvals of the system transfer. Such approval was subsequently obtained and the Indiana system assets were transferred in March 2000. This transaction, including the transfer of the retained Indiana system, resulted in a net increase of 273,300 customers.

(d) Purchase price component relates to common membership units in Charter Communications Holding Company issued to certain of the Falcon sellers.

(e) Purchase price component is comprised of $385 million in equity in Charter Communications Holding Company and $630 million of equity in CC VIII.

(f) In connection with this transaction, we acquired all of the outstanding stock of Cablevision of Michigan in exchange for 11,173,376 shares of Charter's Class A common stock.

(g) Includes revenues of approximately $.6 million related to the cable systems acquired by Bresnan since December 31, 1999.

PENDING AT&T TRANSACTIONS

In February 2001, we entered into several agreements with AT&T Broadband, LLC involving several strategic cable system transactions that will result in a net addition of approximately 512,000 customers for the Charter cable systems. In the pending AT&T transactions, we expect to acquire cable systems from AT&T Broadband serving approximately 574,000 customers in Missouri, Alabama, Nevada and California for a total of $1.79 billion. A portion of the purchase price will consist of Charter cable systems valued at $249 million serving approximately 62,000 customers in Florida. Of the balance of the purchase price, up to $501.5 million

will be paid in Class A common stock and the remainder will be paid in cash. Charter Holdings and Charter Capital have a commitment for a bridge loan from Morgan Stanley Senior Funding, Inc. and Goldman Sachs Credit Partners LP for temporary financing of the cash portion of the purchase price. See "-- Financing Activities." We expect to obtain permanent financing through one or more debt or equity financing transactions or a combination thereof. The acquisition transactions are expected to close in the second and/or third quarters of 2001, subject to certain closing conditions and regulatory review.

OVERVIEW OF OPERATIONS

Approximately 87% of our revenues for the year ended December 31, 2000 are attributable to monthly subscription fees charged to customers for our basic, expanded basic, premium and digital cable television programming services, Internet access through television-based service, dial-up telephone modems and high-speed cable modem service, equipment rental and ancillary services provided by our cable systems. The remaining 13% of revenue is derived from installation and reconnection fees charged to customers to commence or reinstate service, pay-per-view programming, where users are charged a fee for individual programs requested, advertising revenues and commissions related to the sale of merchandise by home shopping services and franchise revenues. We have generated increased revenues in each of the past three years, primarily through customer growth from acquisitions, internal customer growth, basic and expanded tier rate increases and revenues from new services and products.

Our expenses primarily consist of operating costs, general and administrative expenses, depreciation and amortization expense, interest expense and management fees/corporate expense charges. Operating costs primarily include programming costs, cable service related expenses, marketing and advertising costs, franchise fees and expenses related to customer billings.

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

RESULTS OF OPERATIONS

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

	CHARTER COMMUNICATIONS PROPERTIES HOLDINGS		CHARTER COMMUNICATIONS, INC.					
	PERIOD JANUARY 1, 1998 TO DECEMBER 23, 1998		PERIOD DECEMBER 24, 1998 TO DECEMBER 31, 1998		YEAR ENDED DECEMBER 31, 1999		YEAR ENDED DECEMBER 31, 2000	
STATEMENTS OF OPERATIONS:								
Revenues	$ 49,731	100.0%	$13,713	100.0%	$1,428,244	100.0%	$ 3,249,222	100.0%
Operating expenses:								
Operating, general and administrative costs	25,952	52.2%	7,134	52.0%	737,957	51.7%	1,651,353	50.8%
Deprecation and Amortization	16,864	33.9%	8,318	60.7%	745,315	52.2%	2,473,082	76.1%
Option compensation expense	--	--	845	6.2%	79,979	5.6%	40,978	1.3%
Management fees/corporate expense charges	6,176	12.4%	473	3.4%	51,428	3.6%	55,243	1.7%
Total operating expenses	48,992	98.5%	16,770	122.3%	1,614,679	113.1%	4,220,656	129.9%
Income (loss) from operations	739	1.5%	(3,057)	(22.3)%	(186,435)	(13.1)%	(971,434)	(29.9)%
Interest expense	(17,277)	(34.7)%	(2,353)	(17.2)%	(477,799)	(33.5)%	(1,059,130)	(32.6)%
Interest income	44	.1%	133	1.0%	34,467	2.4%	7,348	.2%
Loss on equity investments	--	--	--	--	--	--	(19,262)	(.6)%
Other income (expense)	(728)	(1.5)%	--	--	(8,039)	0.6%	(12,467)	(.4)%
Loss before taxes and minority interest	(17,222)	(34.6)%	(5,277)	(38.5)%	(637,806)	(44.7)%	(2,054,945)	(63.2)%
Income Tax Expense	--	--	--	--	(1,030)	--	--	--
Minority interest in loss of subsidiary	--	--	5,275	38.5%	572,607	40.1%	1,226,295	37.7%
Net Loss	$(17,222)	(34.6)%	$ (2)	0.0%	$ (66,229)	(4.6)%	$ (828,650)	(25.5)%

FISCAL 2000 COMPARED TO FISCAL 1999

REVENUES. Revenues increased by $1,821.0 million or 127% from $1,428.2 million in 1999 to $3,249.2 million in 2000. System operations acquired after January 1, 1999 accounted for $1,578.3 million or 87% of the increase in 2000, while systems acquired before January 1, 1999 accounted for $242.7 million or 13%. Revenues by service offering are as follows (dollars in thousands):

	2000		1999			
	BALANCE	% OF REVENUES	BALANCE	% OF REVENUES	CHANGE	% CHANGE
Basic	$2,249,339	69%	$1,002,954	70%	$1,246,385	124%
Premium	226,598	7%	124,788	9%	101,810	82%
Pay-per-view	28,590	1%	27,537	2%	1,053	4%
Digital	91,115	3%	8,299	.5%	82,816	998%
Data services	63,330	2%	10,107	.5%	53,223	527%
Advertising sales	220,205	7%	71,997	5%	148,208	206%
Other	370,045	11%	182,562	13%	187,483	103%
	$3,249,222	100%	$1,428,244	100%	$1,820,978	

In 2000, we added 898,300 basic customers from 5,452,600 to 6,350,900, of which approximately 741,100 was a result of acquisitions. The remaining 157,200 relates to internal growth, which is an increase of approximately 2.5% compared to the prior year on a pro forma basis.

Premium units increased by 2,094,700 from 2,844,400 to 4,939,100, of which approximately 300,100 was a result of acquisitions. The remaining increase of 1,794,600 is the result of aggressive marketing and pricing of premium products related to upgrades.

In 2000, we added 943,300 digital customers from 126,200 to 1,069,500. Of the total increase, approximately 29,200 was the result of acquisitions and 914,100 was the result of internal growth or upgrades. The pace of growth increased throughout the year as we upgraded our systems. We surpassed our expectations throughout the year, with an average of 17,500 digital installations per week during 2000 which increased to 40,000 digital installations per week in December 2000. Growth was a result of intense marketing efforts and strong demand for this service.

Data customers increased by 180,400 from 72,000 to 252,400 of which 12,400 was the result of acquisitions and 168,000 was the result of internal growth. Our system upgrades facilitated interactive capability necessary to offer high speed interactive service. Growth in data services was also the result of strong marketing efforts coupled with increased demand for such services.

Advertising revenues increased $148.2 million from $72.0 million in 1999 to $220.2 million in 2000 of which approximately $101.8 million was the result of operations acquired after January 1, 1999. In addition, as a result of our rebuild efforts, we experienced increased capacity due to expanded channel line-ups and thus, increased advertising. The significant level of political campaign advertising in 2000 also contributed to increased advertising revenues.

OPERATING, GENERAL AND ADMINISTRATIVE EXPENSES. Operating, general and administrative expenses increased by $913.4 million from $738.0 million in 1999 to $1,651.4 million in 2000. System operations acquired after January 1, 1999 accounted for $813.8 million or 89% of the increase in 2000 while systems

acquired before January 1, 1999 accounted for $99.6 million or 11%. Key expense components as a percentage of revenues are as follows (dollars in thousands):

	2000		1999			
	BALANCE	% OF REVENUES	BALANCE	% OF REVENUES	CHANGE	% CHANGE
Programming	$ 736,043	23%	$330,754	23%	$405,289	123%
General and Administrative	543,865	17%	237,480	17%	306,385	129%
Service	192,603	6%	99,486	7%	93,117	94%
Marketing	63,789	2%	23,447	2%	40,342	172%
Advertising sales	56,499	2%	31,281	2%	25,218	81%
Other	58,554	2%	15,509	1%	43,045	278%
	$1,651,353		$737,957		$913,396	

Of the $405.3 million increase in programming, approximately $355.7 million or 88% relates to operations acquired after January 1, 1999. The remaining $49.6 million increase is due to continued inflationary or negotiated increases, particularly in sports programming, coupled with increased channel capacity. The increase in general and administrative costs of $306.4 million reflects an increase of $275.0 million or 90% related to operations acquired after January 1, 1999. The remaining increase of $31.4 million is due to increases in corporate and regional resources to support our growth. Service expenses increased $93.1 million, of which $87.0 million or 93% relates to operations acquired after January 1, 1999 and $6.1 million or 7% is a result of internal growth. Marketing expenses increased $40.3 million to $63.8 million in 2000, of which approximately $20.1 million or 50% relates to operations acquired after January 1, 1999. The remaining increase of $20.2 million relates to promotions of advanced product offerings, including Charter Digital Cable and TV-based high speed internet service. Advertising expenses increased $25.2 million, of which the majority relates to operations acquired after January 1, 1999. Other operating expenses increased by $43.0 million from $15.5 million in 1999 to $58.6 million in 2000, of which the majority relates to operations acquired after January 1, 1999.

MANAGEMENT FEES/CORPORATE EXPENSE CHARGES. Corporate expense charges increased by $3.8 million from $51.4 million in 1999 to $55.2 million in 2000. The increase was primarily a result of continued growth from acquisitions.

DEPRECIATION AND AMORTIZATION. Depreciation and amortization expense increased by $1,727.8 million from $745.3 million in 1999 to $2,473.1 million in 2000. This increase was due to a full year of expense on the fixed assets and franchises of our 1999 acquisitions, a partial year of expense on 2000 acquisitions and capital expenditures of $2.8 billion to rebuild and upgrade our cable systems in 2000. Related to the rebuild and upgrade of our plant, the useful lives of certain depreciable assets were shortened. As a result, an additional $508.5 million of depreciation expense was recorded during 2000. These increases were partially offset by the elimination of depreciation and amortization expense related to dispositions of cable systems.

OPTION COMPENSATION EXPENSE. Option compensation expense decreased by $39.0 million from $80.0 million in 1999 to $41.0 million in 2000. The expense relates to option grants at the time of our initial public offering at prices less than the estimated fair market value of our stock resulting in compensation expense to be accrued over the vesting period of the options.

INTEREST EXPENSE. Interest expense increased by $581.3 million from $477.8 million in 1999 to $1,059.1 million in 2000. The increase in interest expense was a result of increased average debt outstanding in 2000 of $12,281.2 million compared to $7,108.5 million in 1999, coupled with an increase in our average borrowing rate of .66% from 8.36% in 1999 to 9.02% in 2000. The increased debt was used for acquisitions, capital expenditures and for other corporate purposes.

INTEREST INCOME. Interest income decreased by $27.1 million from $34.5 million in 1999 to $7.3 million in 2000. The decrease in interest income was a result of lower cash on hand in 2000 due to required credit facility draw downs in 1999 which were not required in 2000.

LOSS ON EQUITY INVESTMENTS. The loss in 2000 was primarily due to losses of $7.5 million on investments carried under the equity method of accounting and other than temporary losses of $11.8 million on investments carried under the cost method.

MINORITY INTEREST IN LOSS OF SUBSIDIARY. Minority interest in loss of subsidiary represents the allocation of losses to the minority interest in loss of subsidiary based on ownership of Charter Communications Holding Company and the 2% accretion of the preferred membership units in an indirect subsidiary of Charter Holdings issued to certain Bresnan sellers. These membership units are exchangeable on a one-for-one basis for shares of Class A common stock of Charter Communications, Inc.

NET LOSS. Net loss increased by $762.5 million from $66.2 million in 1999 to $828.7 million in 2000 as a result of the combination of factors discussed above.

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

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

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

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

OPTION COMPENSATION EXPENSE. Option compensation expense in 1999 was $80.0 million due to the granting of options to employees in December 1998, February 1999 and April 1999. The exercise prices of the options on the date of grant were less than the estimated fair values of the underlying membership units, resulting in compensation expense accrued over the vesting period of each grant that varies from four to five years.

MANAGEMENT FEES/CORPORATE EXPENSE CHARGES. Management fees/corporate expense charges increased by $45.3 million, from $6.2 million, for the period from January 1, 1998 through December 23, 1998 to $51.4 million in 1999. The increase in 1998 compared to 1999 was the result of the acquisitions of CCA Group and CharterComm Holdings, Marcus Holdings and 1999 acquisitions.

INTEREST INCOME. Interest income increased by $34.4 million, from $.04 million for the period from January 1, 1998 through December 23, 1998 to $34.5 million in 1999. The increase was primarily due to investing excess cash that resulted from required credit facilities drawdowns, the initial public offering and the sale of the March 1999 Charter Holdings notes.

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

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

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

LIQUIDITY AND CAPITAL RESOURCES

Our business requires significant cash to fund acquisitions, capital expenditures, debt service costs and ongoing operations. We have historically funded and expect to fund future liquidity and capital requirements through cash flows from operations, borrowings under our credit facilities and debt and equity transactions. Our cash flows from operating activities were $1.1 billion, $479.9 million and $22.6 million in 2000, 1999 and 1998, respectively. As of December 31, 2000, we have availability of $805.6 million under our bank credit facilities. Since January 1, 1999, we have incurred significant additional debt to fund our capital expenditures and growth through acquisition. Our significant amount of debt may adversely affect our ability to obtain financing in the future and react to changes in our business. We anticipate incurring substantial additional debt in the future. Our credit facilities and other debt instruments contain various financial and operating covenants that could adversely impact our ability to operate our business, including restrictions on the ability of our operating subsidiaries to distribute cash to their parents. See "-- Certain Trends and Uncertainties -- Restrictive Covenants" for further information.

CAPITAL EXPENDITURES

We have substantial ongoing capital expenditure requirements. We make capital expenditures primarily to upgrade, rebuild and expand our cable systems, as well as for system maintenance, the development of new products and services, and set-top terminals.

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

We made capital expenditures, excluding acquisitions of cable systems, of $2.83 billion and $741.5 million for the years ended December 31, 2000 and 1999, respectively. The majority of these capital expenditures in 2000 relate to our accelerated rebuild and upgrade program and purchases of converters and were funded from cash flows from operations and borrowings under credit facilities.

Excluding the pending AT&T transactions, for 2001, 2002 and 2003, we expect to spend a total of approximately $2.9 billion, $1.75 billion and $950,000, respectively, to upgrade and rebuild our systems in order to offer advanced services to our customers. In addition, we anticipate rebuild costs associated with the AT&T systems we expect to acquire to total approximately $350 million. In 2001, our capital expenditures will include extensions of systems, development of new products and services, purchases of converters, system improvements and the build out of six new advanced customer call centers in 2001. The amount that we spend on these types of capital expenditures will depend on the level of our growth in digital cable customers and in the delivery of other advanced services. We currently expect to finance the anticipated capital expenditures with cash generated from operations, additional borrowings under credit facilities, one or more debt or equity financings and borrowings under the 2001 senior bridge loan commitment described in "-- Financing Activities." Currently, our planned capital expenditures are funded through second quarter 2002. A projected $500 million to $750 million funding shortfall exists through late 2002 or early 2003 when we expect to become cash flow positive. If we borrow the full amount available under the bridge loan commitment, our planned capital expenditures are funded through the end of 2002 and our funding shortfall will be $300 million

to $500 million through 2003. We expect to fund our projected shortfall with additional bank debt, high yield debt, or equity offerings or any combination thereof. The amount of this projected shortfall could increase if there is accelerated growth in digital cable customers or in the delivery of other advanced services.

We cannot be sure that our anticipated levels of capital expenditures will be sufficient to accomplish our planned system upgrades, expansion and maintenance and to roll out advanced services or that we will be able to acquire necessary plant and equipment from vendors to complete our upgrade and rebuild on schedule. If we are not able to obtain financing sufficient to fund our planned upgrades and other capital expenditures, it could adversely affect our ability to offer new products and services and compete effectively, and could adversely affect our growth, financial condition and results of operations. See "-- Certain Trends and Uncertainties" for further information.

RECENT INVESTING ACTIVITIES

HIGH SPEED ACCESS CORP. In December 2000, Vulcan Ventures, Inc., an entity controlled by Mr. Allen, and Charter Communications Ventures, LLC invested $38.0 million and $37.0 million, respectively, in exchange for 38,000 shares and 37,000 shares, respectively, of senior convertible preferred stock of High Speed Access. The preferred stock has a liquidation preference of $1,000 per share, in general, shares in dividends on High Speed Access common stock on an "as converted to common stock" basis and is convertible into common stock of High Speed Access at a conversion rate of $5.01875 per share of High Speed Access common stock, subject to certain adjustments. Vulcan Ventures and Charter Ventures were granted certain preemptive, first refusal, registration and significant board representation rights as part of the transaction.

FINANCING ACTIVITIES

As of December 31, 2000, our total debt was approximately $13.1 billion. Actual debt outstanding at December 31, 2000 and pro forma for the issuance of the January 2001 Charter Holdings Notes described herein is summarized below (dollars in thousands):

	ACTUAL BALANCE AT DECEMBER 31, 2000	PRO FORMA BALANCE AT DECEMBER 31, 2000
LONG TERM DEBT		
Charter Communications, Inc.:		
5.75% Convertible Senior Notes, due 2005	$ 750,000	$ 750,000
Charter Holdings:		
8.250% Senior Notes, due 2007	600,000	600,000
8.625% Senior Discount Notes, due 2009	1,500,000	1,500,000
9.920% Senior Notes, due 2011	1,475,000	1,475,000
10.0% Senior Notes, due 2009	675,000	675,000
10.25% Senior Notes, due 2010	325,000	325,000
11.75% Senior Discount Notes, due 2010	532,000	532,000
10.75% Senior Notes, due 2009	--	900,000
11.125% Senior Notes, due 2011	--	500,000
13.5% Senior Discount Notes, due 2011	--	675,000
Senior Bridge Loan Facility	272,500	--
Renaissance:		
10.00% Senior Discount Notes, due 2008	114,413	114,413
CC V Holdings -- Avalon:		
11.875% Senior Discount Notes, due 2006	179,750	179,750
Other long-term debt	1,971	1,971

	ACTUAL BALANCE AT DECEMBER 31, 2000	PRO FORMA BALANCE AT DECEMBER 31, 2000
CREDIT FACILITIES		
Charter Operating	4,432,000	3,555,000
CC V -- Avalon	213,000	213,000
CC VI -- Fanch	895,000	825,000
CC VII -- Falcon	1,050,000	565,000
CC VIII -- Bresnan	712,000	712,000
	13,727,634	14,098,134
Unamortized discount	(667,179)	(992,338)
	$13,060,455	$13,105,796

MARCH 1999 CHARTER HOLDINGS NOTES. In March 1999, Charter Holdings and Charter Communications Holdings Capital Corporation issued $3.6 billion principal amount of senior notes. The March 1999 Charter Holdings notes consisted of $600.0 million in aggregate principal amount of 8.250% senior notes due 2007, $1.5 billion in aggregate principal amount of 8.625% senior notes due 2009, and $1.475 billion in aggregate principal amount at maturity of 9.920% senior discount notes due 2011. The net proceeds of approximately $2.9 billion, combined with the borrowings under our credit facilities, were used to consummate tender offers for publicly held debt of several of our subsidiaries, as described below, to refinance borrowings under our previous credit facilities, for working capital purposes and to finance a number of acquisitions.

As of December 31, 2000, a total of $2.1 billion was outstanding under the 8.250% notes and the 8.625% notes, and the accreted value of the outstanding 9.920% notes was $1.08 billion.

JANUARY 2000 CHARTER HOLDINGS NOTES. In January 2000, Charter Holdings and Charter Communications Holdings Capital Corporation issued $1.5 billion principal amount of senior notes. The January 2000 Charter Holdings notes consisted of $675.0 million in aggregate principal amount of 10.00% senior notes due 2009, $325.0 million in aggregate principal amount of 10.25% senior notes due 2010, and $532.0 million in aggregate principal amount at maturity of 11.75% senior discount notes due 2010. The net proceeds of approximately $1.25 billion were used to consummate change of control offers for certain of the Falcon, Avalon and Bresnan notes and debentures.

As of December 31, 2000, $1.0 billion of the January 2000 Charter Holdings 10.00% and 10.25% senior notes were outstanding, and the accreted value of the 11.75% senior discount notes was approximately $335.5 million.

CHARTER OPERATING CREDIT FACILITIES. The Charter Operating credit facilities provide for two term facilities, one with a principal amount of $1.0 billion that matures in September 2007 (Term A), and the other with a principal amount of $2.45 billion that matures in March 2008 (Term B). The Charter Operating credit facilities also provide for a $1.25 billion revolving credit facility with a maturity date in September 2007 and, at the option of the lenders, supplemental credit facilities in the amount of $400.0 million available until March 18, 2002. Amounts under the Charter Operating credit facilities bear interest at the Base Rate or the Eurodollar rate, as defined, plus a margin of up to 2.75% (8.39% to 9.27% as of December 31, 2000). A quarterly commitment fee of between 0.25% and 0.375% per annum is payable on the unborrowed balance of Term A and the revolving credit facility. As of December 31, 2000, outstanding borrowings were approximately $4.4 billion, and the unused availability was $268.0 million.

RENAISSANCE NOTES. In connection with the acquisition of Renaissance in April 1999, the Company assumed $163.2 million principal amount at maturity of 10% senior discount notes due 2008. The Renaissance notes do not require the payment of interest until April 15, 2003. From and after April 15, 2003, the Renaissance notes bear interest, payable semi-annually in cash, on April 15 and October 15, commencing on October 15, 2003. The Renaissance notes are due on April 15, 2008. In May 1999, $48.8 million aggregate face amount of the Renaissance notes was repurchased at 101% of the accreted value plus accrued and unpaid

interest. As of December 31, 2000, the accreted value of the Renaissance notes that remain outstanding was approximately $94.6 million.

FALCON DEBENTURES. We acquired Falcon in November 1999 and assumed Falcon's outstanding $375.0 million in principal amount of 8.375% senior debentures due 2010 and 9.285% senior discount debentures due 2010 with an accreted value of approximately $319.1 million.

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

FALCON CREDIT FACILITIES. In connection with the Falcon acquisition, the previous Falcon credit facilities were amended to provide for two term facilities, one with a principal amount of $196.0 million that matures June 2007 (Term B), and the other with the principal amount of $294.0 million that matures December 2007 (Term C). The Falcon credit facilities also provide for a $646.0 million revolving credit facility with a maturity date of December 2006 and, at the option of the lenders, supplemental credit facilities in the amount of up to $700.0 million with a maturity date in December 2007. Amounts under the Falcon credit facilities bear interest at the Base Rate or the Eurodollar rate, as defined, plus a margin of up to 2.5% (8.14% to 9.50% as of December 31, 2000). A quarterly commitment fee of between 0.25% and 0.375% per annum is payable on the unborrowed balance. As of December 31, 2000, unused availability was $196.1 million.

AVALON CREDIT FACILITIES. In January 2001, two of our subsidiaries, Bresnan and Avalon, were merged. Upon completion of the Bresnan/Avalon Combination, all amounts outstanding under the Avalon credit facilities were repaid and the Avalon credit facilities were terminated. The Bresnan Credit facilities were amended and restated to among other things, increase borrowing availability by $550.0 million.

AVALON NOTES. In connection with the acquisition of Avalon in November 1999, we assumed Avalon's outstanding 11.875% senior discount notes due 2008 with an accreted value of $123.3 million and $150.0 million in principal amount of 9.375% senior subordinated notes due 2008. After December 1, 2003, cash interest on the Avalon 11.875% notes will be payable semi-annually on June 1 and December 1 of each year, commencing June 1, 2004.

In January 2000, we completed change of control offers in which we repurchased $16.3 million aggregate principal amount at maturity of the 11.875% notes at a purchase price of 101% of accreted value as of January 28, 2000, for $10.5 million. As of December 31, 2000, Avalon 11.875% notes with an aggregate principal amount of $179.8 million at maturity remained outstanding with an accreted value of $128.4 million.

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

FANCH CREDIT FACILITIES. The Fanch credit facilities provide for two term facilities, one with a principal amount of $450.0 million that matures May 2008 (Term A), and the other with a principal amount of $400.0 million that matures November 2008 (Term B). The Fanch credit facilities also provide for a $350.0 million revolving credit facility with a maturity date in May 2008 and, at the option of the lenders, supplemental credit facilities in the amount of $300.0 million available until December 31, 2004. Amounts under the Fanch credit facilities bear interest at the Base Rate or the Eurodollar rate, as defined, plus a margin of up to 3.0% (8.15% to 9.55% as of December 31, 2000). A quarterly commitment fee of between 0.250% and 0.375% per annum is payable on the unborrowed balance. We used $850.0 million of the credit facilities to fund a portion of the Fanch purchase price. As of December 31, 2000, outstanding borrowings were $895.0 million, and unused availability was $305.0 million. However, debt covenants limit the amount that can be borrowed to $153.5 million at December 31, 2000.

BRESNAN NOTES. We acquired Bresnan in February 2000 and assumed Bresnan's outstanding $170.0 million in principal amount of 8% senior notes due 2009 and $275.0 million in principal amount at maturity of

9.25% senior discount notes due 2009 with an accreted value of $192.2 million. In March 2000, we repurchased all of the outstanding Bresnan notes at purchase prices of 101% of the outstanding principal amounts plus accrued and unpaid interest or accreted value, as applicable, for a total of $369.7 million, using proceeds from the sale of the January 2000 Charter Holdings notes.

BRESNAN CREDIT FACILITIES. Upon the closing of the Bresnan/Avalon combination, the Bresnan credit facilities were amended and restated. As amended, the Bresnan credit facilities provide for borrowings of up to $1.45 billion. The Bresnan credit facilities provide for two term facilities, one with a principal amount of $500.0 million (Term A), and the other with a principal amount of $500.0 million (Term B). The Bresnan credit facilities also provide for a $450.0 million revolving credit facility with a maturity date in June 2007 and, at the option of lenders, supplemental facilities in the amount of $500.0 million. Amounts under the Bresnan credit facilities bear interest at the Base Rate or the Eurodollar Rate, as defined, plus a margin of up to 2.75%. A quarterly commitment fee of between 0.250% and 0.375% is payable on the unborrowed balance of Term A and the revolving credit facility. At the closing of the Bresnan acquisition, we borrowed approximately $599.9 million to replace the borrowings outstanding under the previous credit facilities and an additional $30.0 million to fund a portion of the Bresnan purchase price. As of December 31, 2000, outstanding borrowings were $712.0 million and unused availability was $188.0 million.

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

On August 14, 2000, Charter Holdings borrowed $1.0 billion under the senior bridge loan facility and used substantially all of the proceeds to repay a portion of the amounts outstanding under the Charter Operating and the Falcon revolving credit facilities. The bridge loan initially bore interest at an annual rate of 10.21%. For amounts not repaid by November 14, 2000, the interest rate increased by 1.25% at such date.

The net proceeds from the sale of Charter Communications, Inc.'s convertible senior notes were contributed as equity to Charter Holdings. Charter Holdings used all of the net proceeds therefrom to repay $727.5 million of the amount outstanding under the Charter Holdings senior bridge loan facility. As of January 5, 2001, the remaining balance of $272.5 million on the senior bridge loan facility was paid down with the proceeds from the sale of the Charter Holdings January 2001 notes.

CONVERTIBLE SENIOR NOTES. On October 30, 2000, Charter Communications, Inc. issued convertible senior notes due 2005 with a principal amount of $650.0 million. An additional $100.0 million pursuant to the initial purchasers' over-allotment option were issued on November 3, 2000. The convertible senior notes have an annual interest rate of 5.75%, payable semi-annually, and are convertible into shares of Charter Communications, Inc.'s Class A common stock at $21.56 per share. The issuance was initially made in a private placement pursuant to Rule 144A under the Securities Act and registered with the Securities and Exchange Commission in February 2001. The net proceeds were used to repay $727.5 million outstanding under the Charter Holdings senior bridge loan facility.

JANUARY 2001 CHARTER HOLDINGS NOTES. On January 5, 2001, Charter Holdings and Charter Communications Holdings Capital Corporation issued $900 million 10.75% Senior Notes due 2009, $500 million 11.125% Senior Notes due 2011 and $350.6 million 13.5% Senior Discount Notes due 2011 with a principal amount at maturity of $675 million. The net proceeds were approximately $1.72 billion, after giving effect to discounts, commissions and expenses. The net proceeds from the January 2001 Charter Holdings notes were used to repay all remaining amounts outstanding under the Charter Holdings senior bridge loan facility and the Fanch revolving credit facility, a portion of the amounts outstanding under the Charter Operating and Falcon revolving credit facilities, and for general corporate purposes.

The 10.75% Senior Notes are not redeemable prior to maturity. Interest is payable semi-annually on April 1 and October 1, beginning October 1, 2001 until maturity.

The 11.125% Senior Notes are redeemable at the option of the issuers at amounts decreasing from 106.750% to 100% of par value beginning on January 15, 2006, plus accrued and unpaid interest, to the date of redemption. At any time prior to January 15, 2004, the issuers may redeem up to 35% of the aggregate

principal amount of the 11.125% Senior Notes at a redemption price of 111.125% of the principal amount under certain conditions. Interest is payable semi-annually in arrears on January 15 and July 15, beginning on July 15, 2001, until maturity.

The 13.5% Senior Discount Notes are redeemable at the option of the issuers at amounts decreasing from 105.563% to 100% of the accreted value beginning January 15, 2006. At any time prior to January 15, 2004, the issuers may redeem up to 35% of the aggregate principal amount of the 13.5% Senior Notes at a redemption price of 113.5% of the accreted value under certain conditions. Interest is payable in arrears on January 15 and July 15, beginning on July 15, 2006, until maturity. The discount on the 13.5% Senior Discount Notes is being accreted using the effective interest method.

These notes rank equally with the current and future unsecured and unsubordinated indebtedness of Charter Holdings, including the existing senior notes and senior discount notes and trade payables. The notes are structurally subordinated to all existing and future liabilities, including trade payables of the subsidiaries of Charter Holdings.

2001 SENIOR BRIDGE LOAN COMMITMENT. On February 26, 2001, Charter Holdings and Charter Capital signed a commitment with Morgan Stanley Senior Funding, Inc. and Goldman Sachs Credit Partners LP, to provide senior increasing rate bridge loans of up to $2 billion for capital expenditures, general corporate purposes, and to fund the cash portion of the pending AT&T transactions. If any of the pending AT&T transactions is not completed, the commitment would be reduced by the amount of the commitment allocated to such portion of the transaction, up to $1 billion.

The bridge loans would bear interest initially at a rate equal to the bid-side yield of the 11.125% Senior Notes, less 25 basis points. The rate would increase by 125 basis points at the end of the first 90 days after funding, and 50 basis points for each 90-day period after the first 90 days.

The commitment expires on December 31, 2001 unless the bridge loan agreement has been signed. The bridge loans would mature one year from the date of first funding, but can, at the borrowers' election, be converted into senior term loans that would be due nine years after such conversion. Interest on the senior term loans would initially be the rate then in effect for the bridge loans, plus 50 basis points, and would increase by 50 basis points after every 90 days' period after such conversion.

Following any conversion of the bridge loans into senior term loans, the lenders would have the right to request that their notes be exchanged for notes that would be issued under an indenture with covenants and events of default similar to those in the 11.125% Senior Notes, but may not be redeemed until the fifth anniversary of the first funding of the bridge loan. After the fifth anniversary, the notes would be redeemable at a premium of one-half of the coupon on the note, declining ratably annually to zero on the date that is two years prior to the maturity date. The bridge loan agreement would require that the borrowers file a shelf registration statement with respect to the exchange notes and to use commercially reasonable efforts to have the statement become effective and available to allow for unrestricted resales of the exchange notes. The exchange notes would bear interest at the higher of the rate of interest applicable to the senior term loans and the bid-side yield of the 11.125% Senior Notes.

Interest on the bridge loans, senior term loans or exchange notes would not be lower than 9% and may not exceed 15% annually.

The prospective lenders' commitments to us are subject to a number of conditions. We cannot assure you that such conditions will be met. If these conditions are not met, these funds will not be available to us and we will need to obtain alternative financing. If we are unable to obtain replacement financing, we could be unable to consummate the pending AT&T transactions.

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

OUTLOOK

We believe we are uniquely positioned in the forefront of our industry going into 2001. In 2001, we will continue to aggressively roll out our advanced services, focusing on digital cable and high speed data. We

expect to complete the AT&T transactions in the second and/or third quarters of 2001. The effect of these transactions is not included in this Outlook discussion.

With "same store" systems running smoothly and major 1999 and 2000 acquisitions successfully integrated, we expect 2001 revenue growth of 14-16% and operating cash flow growth after corporate overhead expense of 12-14%. Basic customer growth is expected to exceed 2% in 2001, consistent with 2000 growth. Digital revenues are expected to increase dramatically from 1.07 million customers at December 31, 2000 with 2 million customers by the end of 2001. In addition, we expect VOD to be available to approximately 2.2 million homes passed by the end of the year. Telephony initiatives will continue to be tested and developed during 2001 with targeted market entry in 2002 or 2003. Furthermore, we will continue our focus on interactive TV, with trials currently in process and expected launches in several markets beginning in 2001. Our advanced technology team is working on DVR capability in advanced digital set-top terminals and wireless home networking. Set-top terminals with built-in DVR functionality should be available to our digital customers in 2001.

Operating expenses are expected to increase 18%-19% in 2001, driven primarily by increased digital and data sales, as well as higher programming and G&A costs. Programming costs are expected to increase approximately 25%. The year over year increase on a per channel basis is approximately 12-13%. Sports programming is the largest portion of the expected increase. The remainder of the increase is due to digital and basic customer growth, new channel launches and higher premium rates. The primary drivers for increased G&A costs are higher property taxes of approximately $22 million, resulting from the network upgrades and approximately $11 million of expenses associated with new customer call centers.

We will continue to evaluate strategic acquisitions and "swaps" of cable systems in order to enlarge the coverage of our current areas of operations. This approach will allow us to generate higher growth in revenues and operating cash flow.

Customer care will remain a priority at Charter. We plan to build six new customer contact centers in 2001 with capital expenditures of $66 million in 2001. These new centers will serve our customer base with state-of-the-art technology to further improve customer satisfaction. Eventually, each of our twelve regions will have its own customer contact center.

We will continue our system rebuilds and upgrades so that our customers have access to the latest advanced service technology. We will aggressively evaluate funding opportunities, including bank, equity or high-yield financing, to meet the needs of our future growth plans, including future strategic acquisitions.

CERTAIN TRENDS AND UNCERTAINTIES

The following discussion highlights a number of trends and uncertainties, in addition to those discussed elsewhere in this Form 10-K, that could materially impact our business, results of operations and financial condition.

SUBSTANTIAL LEVERAGE. As of December 31, 2000, pro forma for the offering of the January 2001 Charter Holdings notes and the application of the net proceeds therefrom, our total debt was approximately $13.1 billion. We anticipate incurring significant additional debt in the future, including the 2001 senior bridge loan commitment, to fund future acquisitions and the expansion, maintenance and upgrade of our cable systems.

Our ability to make payments on our debt and to fund our planned capital expenditures for upgrading our cable systems and our ongoing operations will depend on our ability to generate cash and secure financing in the future. This, to a certain extent, is subject to general economic, financial, competitive, legislative, regulatory and other factors beyond our control. We cannot assure you that our business will generate sufficient cash flow from operations, or that future borrowings will be available to us under our existing credit facilities, new facilities or from other sources of financing at acceptable rates or in an amount sufficient to enable us to repay our debt, to grow our business or to fund our other liquidity and capital needs.

VARIABLE INTEREST RATES. At December 31, 2000, approximately 53% of our debt bears interest at variable rates that are linked to short-term interest rates. In addition, a significant portion of our existing debt,

assumed debt or debt we might arrange in the future will bear interest at variable rates. If interest rates rise, our costs relative to those obligations will also rise. At December 31, 2000, our weighted-average rate on outstanding bank commitments is approximately 8.33% and approximately 9.50% on high-yield debt, resulting in a blended weighted-average rate of 8.94%. See "-- Interest Rate Risk."

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

- pay dividends or make other distributions;

- make certain investments or acquisitions;

- dispose of assets or merge;

- incur additional debt;

- issue equity;

- repurchase or redeem equity interests and debt;

- create liens; and

- pledge assets.

Furthermore, in accordance with our credit facilities we are required to maintain specified financial ratios and meet financial tests. The ability to comply with these provisions may be affected by events beyond our control. The breach of any of these covenants will result in a default under the applicable debt agreement or instrument, which could trigger acceleration of the debt. Any default under our credit facilities or the indentures governing our outstanding debt may adversely affect our growth, our financial condition, and our results of operations and the ability to repay amounts due under the notes issued by Charter Communications, Inc. or its subsidiaries.

NEW SERVICES AND PRODUCTS GROWTH STRATEGY. We expect that a substantial portion of any of our future growth will be achieved through revenues from additional services. We cannot be assured that we will be able to offer new advanced services successfully to our customers or that those new advanced services will generate revenues. The amount of our capital expenditures and related roll-out of advanced services may be limited by the availability of certain equipment (in particular, digital set-top terminals and cable modems) due to production capacity constraints of certain vendors and/or materials shortages. We continue to work with our primary vendors to address such problems and have been assured that we will have an adequate supply to meet our demand. If we are unable to grow our cash flow sufficiently, we may be unable to fulfill our obligations or obtain alternative financing.

MANAGEMENT OF GROWTH. We have experienced rapid growth that has placed and is expected to continue to place a significant strain on our management, operations and other resources. Our future success will depend in part on our ability to successfully integrate the operations acquired and to be acquired and to attract and retain qualified personnel. No significant severance cost was incurred in conjunction with acquisitions in 1999 and 2000. The failure to retain or obtain needed personnel or to implement management, operating or financial systems necessary to successfully integrate acquired operations or otherwise manage growth when and as needed could have a material adverse effect on our business, results of operations and financial condition.

REGULATION AND LEGISLATION. Cable systems are extensively regulated at the federal, state, and local level. Effective March 31, 1999, the scope of rate regulation was reduced so that it continues to impact only the lowest level of basic cable service and associated equipment. This change affords cable operators much greater pricing flexibility, although Congress could revisit this issue if confronted with substantial rate increases.

Cable operators also face significant regulation of their channel capacity. They currently can be required to devote substantial capacity to the carriage of programming that they would not carry voluntarily, including

certain local broadcast signals, local public, educational and government access users, and unaffiliated commercial leased access programmers. This carriage burden could increase in the future, particularly if the Federal Communications Commission (FCC) were to require cable systems to carry both the analog and digital versions of local broadcast signals. The FCC is currently conducting a proceeding in which it is considering this channel usage possibility.

There is also uncertainty whether local franchising authorities, state regulators, the FCC, or the U.S. Congress will impose obligations on cable operators to provide unaffiliated Internet service providers with access to cable plant on non-discriminatory terms. If they were to do so, and the obligations were found to be lawful, it could complicate our operations in general, and our Internet operations in particular, from a technical and marketing standpoint. These access obligations could adversely impact our profitability and discourage system upgrades and the introduction of new products and services. Recently, a federal district court in Virginia and a federal circuit court in California struck down as unlawful open-access requirements imposed by two different franchising authorities. The federal circuit court ruling reversed an earlier district court decision that had upheld an open-access requirement. The FCC has announced that it will soon consider how Internet service provided over cable systems should be classified for regulatory purposes and what, if any, regulations should be imposed.

There are other instances where "open-access" requirements have been imposed and judicial challenges are pending. The FCC has initiated a new proceeding to categorize cable-delivered Internet service and perhaps establish an appropriate regulatory scheme.

INTEREST RATE RISK

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

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

At December 31, 2000, we had outstanding $1.9 billion, $15.0 million and $520 million in notional amounts of interest rate swaps, caps and collars, respectively.

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

The fair value of fixed-rate debt at December 31, 2000, was $5.5 billion. The fair value of fixed-rate debt is based on quoted market prices. The fair value of variable-rate debt approximates the carrying value of $7.3 billion at December 31, 2000, since this debt bears interest at current market rates.

ACCOUNTING STANDARDS NOT YET IMPLEMENTED

SFAS No. 133, Accounting for Derivative Instruments and Hedging Activities, as amended by SFAS 137, Accounting for Derivative Instruments and Hedging Activities -- Deferral of the Effective Date of FASB Statement No. 133, and SFAS 138, Accounting for Certain Derivative Instruments and Certain Hedging Activities, is effective for the Company as of January 1, 2001. SFAS No. 133 establishes accounting and reporting standards requiring that every derivative instrument (including certain derivative instruments embedded in other contracts) be recorded in the balance sheet as either an asset or liability measured at its

fair value and that changes in the derivative's fair value be recognized currently in earnings unless specific hedge accounting criteria are met. Special accounting for qualifying hedges allows a derivative's gains and losses to offset related results on the hedged item in the income statement, and requires that a company must formally document, designate and assess the effectiveness of transactions that receive hedge accounting. Adoption of these new accounting standards is expected to result in a cumulative effect of a change in accounting principle that increases net loss by approximately $23.9 million.

SUPPLEMENTAL UNAUDITED PRO FORMA DATA

The following Supplemental Unaudited Pro Forma Data is based on the historical financial data of Charter and does not include the effect of the pending AT&T transactions or any borrowings under the 2001 senior bridge loan commitment. Our financial data, on a consolidated basis, is adjusted on a pro forma basis to illustrate the estimated effects of the following transactions as if they had occurred on January 1, 2000:

- the acquisitions by Charter Communications, Inc. and its subsidiaries completed since January 1, 2000, including the Bresnan and Kalamazoo acquisitions;

- borrowings under the Charter Holdings senior bridge loan facility and the application of a portion of such borrowings to repay a portion of the amounts outstanding under the Charter Operating and CC VIII revolving credit facilities;

- the repayment of a portion of the Charter Holdings senior bridge loan facility with net proceeds from the issuance and sale of the senior convertible notes; and

- the issuance and sale of the January 2001 Charter Holdings notes and the application of the net proceeds to repay all remaining amounts outstanding under the Charter Holdings senior bridge loan facility and the Fanch revolving credit facility, and a portion of the amounts outstanding under the Charter Operating and Falcon revolving credit facilities.

The pro forma impact of the issuance and sale of the January 2000 Charter Holdings notes is not significant and is therefore not taken into account below.

The Supplemental Unaudited Pro Forma Data reflects the application of the principles of purchase accounting to the acquisitions completed since January 1, 2000. The purchase price allocations are based, in part, on preliminary information, which is subject to adjustment upon obtaining complete valuation information of intangible assets and is subject to post-closing purchase price adjustments. We believe that finalization of the purchase price allocation will not have a material impact on our results of operations or financial position.

The Supplemental Unaudited Pro Forma Data does not purport to be indicative of what our results of operations would actually have been had the transactions described above been completed on the dates indicated or to project our results of operations for any future date.

	SUPPLEMENTAL UNAUDITED PRO FORMA DATA AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2000		
	CHARTER COMMUNICATIONS, INC.	PRO FORMA ADJUSTMENTS(A)	TOTAL
	(DOLLARS IN THOUSANDS, EXCEPT PER SHARE DATA)		
STATEMENT OF OPERATIONS DATA			
REVENUES:			
Basic	$ 2,249,339	$ 36,382	$ 2,285,721
Premium	226,598	5,152	231,750
Pay-per-view	28,590	474	29,064
Digital	91,115	736	91,851
Advertising sales	220,205	2,519	222,724
Data services	63,330	1,643	64,973
Other	370,045	2,846	372,891
Total revenues	3,249,222	49,752	3,298,974
OPERATING EXPENSES:			
Programming	736,043	13,144	749,187
General and administrative	543,865	2,300	546,165
Service	192,603	6,766	199,369
Marketing	63,789	541	64,330
Advertising Sales	56,499	5,222	61,721
Other	58,554	1,339	59,893
Depreciation	1,209,698	15,592	1,225,290
Amortization	1,263,384	31,253	1,294,637
Option compensation expense	40,978	--	40,978
Corporate expense charges	55,243	707	55,950
Total operating expenses	4,220,656	76,864	4,297,520
Loss from operations	(971,434)	(27,112)	(998,546)
Interest expense	(1,059,130)	(65,020)	(1,124,150)
Interest income	7,348	(49)	7,299
Loss on equity investments	(19,262)	--	(19,262)
Other income (expense)	(12,467)	(77)	(12,544)
Loss before minority interest	(2,054,945)	(92,258)	(2,147,203)
Minority interest in loss of subsidiary(b)	1,226,295	40,793	1,267,088
Net loss	$ (828,650)	$(51,465)	$ (880,115)
Loss per common share, basic and diluted(c)			$ (3.77)
Weighted-average common shares outstanding, basic and diluted(d)			233,403,320
Converted loss per common share(e)			$ (3.60)
Weighted-average common shares outstanding -- converted(f)			596,715,543
OTHER FINANCIAL DATA:			
EBITDA(g)	1,469,919	19,656	1,489,575
EBITDA margin(h)	45.2%	39.5%	45.2%
Adjusted EBITDA(i)	1,597,869	20,440	1,618,309

	SUPPLEMENTAL UNAUDITED PRO FORMA DATA AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2000		
	CHARTER COMMUNICATIONS, INC.	PRO FORMA ADJUSTMENTS(A)	TOTAL
	(DOLLARS IN THOUSANDS, EXCEPT PER SHARE DATA)		
OPERATING DATA (at end of period, except for average)			
Homes passed(j)			10,225,000
Basic customers(k)			6,350,900
Basic penetration(l)			62.1%
Premium units(m)			4,939,100
Premium penetration(n)			77.8%
Average monthly revenue per basic customer(o)			$ 43.29

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(a) Comprised of: (1) Our acquisitions' results of operations since their respective acquisition dates (Interlake -- January 31, 2000; Bresnan -- February 14, 2000; Capital Cable and Farmington -- April 1, 2000; Kalamazoo -- September 7, 2000), as well as the sale of 4,715 customers in Dickinson, North Dakota, completed on December 31, 2000; (2) borrowings under the Charter Holdings senior bridge loan facility and the application of a portion of such borrowings to repay a portion of the amounts outstanding under the Charter Operating and CC VIII revolving credit facilities; (3) repayment of a portion of the Charter Holdings senior bridge loan facility with net proceeds from the issuance and sale of the senior convertible notes; and (4) the issuance and sale of the January 2001 Charter Holdings notes and the application of the net proceeds to repay all remaining amounts outstanding under the Charter Holdings senior bridge loan facility and the Fanch revolving credit facility, and a portion of the amounts outstanding under the Charter Operating and Falcon revolving credit facilities.

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

(c) Basic and diluted loss per common share equals net loss divided by weighted-average common shares outstanding. Basic and diluted loss per common share assumes none of the membership units of Charter Communications Holding Company or preferred membership units in a subsidiary of Charter Holdings held by certain Bresnan sellers as of December 31, 2000, are exchanged for shares of Charter Communications, Inc.'s Class A common stock, none of the convertible senior notes are converted into shares of Class A common stock and none of the outstanding options to purchase membership units of Charter Holdco that are automatically exchanged for shares of Class A common stock are exercised. If the membership units were exchanged, notes converted or options exercised, the effects would be antidilutive.

(d) Represents all shares outstanding as of January 1, 2000 (195,550,000 shares), plus shares issued to the Rifkin, Falcon and Kalamazoo sellers through December 31, 2000 (37,713,122 shares), plus the weighted average of all other shares issued in 2000.

(e) Converted loss per common share assumes all common membership units of Charter Communications Holding Company and preferred membership units in a subsidiary of Charter Holdings held by certain Bresnan sellers as of December 31, 2000, are exchanged for shares of Charter Communications, Inc.'s Class A common stock. If all these shares are converted, minority interest would equal zero. Converted loss per common share is calculated by dividing loss before minority interest by the weighted-average common shares outstanding -- converted.

(f) Weighted-average common shares outstanding -- converted assumes the total common membership units in Charter Holdco totaling 324,300,479 held by Charter Investment and Vulcan Cable III Inc., both entities controlled by Mr. Allen, and 39,011,744 preferred membership units in a subsidiary of Charter Holdings held by certain Bresnan sellers are exchanged on a one-for-one basis for shares of Charter

Communications, Inc.'s Class A common stock. Converted loss per common share assumes no conversion of the convertible senior notes and no exercise of any options.

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

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

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

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

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

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

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

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

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

ITEM 7a. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

INTEREST RATE RISK

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

Our participation in interest rate hedging transactions involves instruments that have a close correlation with 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.

The table set forth below summarizes the fair values and contract terms of financial instruments subject to interest rate risk maintained by us as of December 31, 2000 (dollars in thousands):

	2001	2002	2003	2004	2005	THEREAFTER	TOTAL	FAIR VALUE AT DECEMBER 31, 2000
DEBT								
Fixed Rate.....	--	$ 495	$ 67,247	$ 279	$750,000	$5,607,613	$6,425,634	$5,496,923
Average Interest Rate.....	--	7.5%	11.8%	7.5%	5.8%	9.7%	9.3%	--
Variable Rate.....	$ --	$129,645	$286,170	$418,593	$590,332	$5,877,260	$7,302,000	$7,302,000
Average Interest Rate.....	--	7.6%	7.7%	7.7%	7.7%	8.3%	8.2%	--
INTEREST RATE INSTRUMENTS								
Variable to Fixed Swaps.....	$720,000	$330,000	$ 80,000	$140,000	$300,000	$ 372,713	$1,942,713	$ 5,236
Average Pay Rate.....	7.8%	7.5%	6.8%	6.8%	7.8%	7.7%	7.6%	--
Average Receive Rate...	7.8%	7.7%	7.7%	7.8%	7.8%	7.9%	7.8%	--
Cap.....	--	$ 15,000	--	--	--	--	$ 15,000	--
Average Cap Rate.....	--	9.0%	--	--	--	--	9.0%	--

The notional amounts of interest rate instruments, as presented in the above table, are used to measure interest to be paid or received and do not represent the amount of exposure to credit loss. The estimated fair value approximates the costs (proceeds) to settle the outstanding contracts. Interest rates on variable debt are estimated using the average implied forward London Interbank Offering Rate (LIBOR) rates for the year of maturity based on the yield curve in effect at December 31, 2000. While swaps, caps and collars represent an integral part of our interest rate risk management program, their incremental effect on interest expense for the years ended December 31, 2000, 1999 and 1998 was not significant.

In addition to the interest rate instruments listed in the table above, we maintain collars with an aggregate $520 million notional amount maturing in 2004. The collar agreements are structured so that if LIBOR falls below 5.3%, the Company pays 6.7%. If the LIBOR rate is between 5.3% and 8.0%, the Company pays LIBOR. The LIBOR rate is capped at 8.0% if LIBOR falls between 8.0% and 9.9%. If rates go above 9.9%, the cap is removed. As of December 31, 2000, the fair value of the collars was a liability of $10.8 million.

In January 2001, Charter Holdings and Charter Communications Holdings Capital Corporation issued $900 million 10.75% Senior Notes due 2009, $500 million 11.125% Senior Notes due 2011 and $675 million 13.5% Senior Discount Notes due 2011. The net proceeds from the selling of these notes, approximately $1.72 billion, were used, in part, to repay all remaining amounts outstanding under the Charter Holdings Senior Bridge Loan Facility and the Fanch revolving credit facility, and a portion of the amounts outstanding under the Charter Operating and Falcon revolving credit facilities.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA.

Our consolidated financial statements, predecessor financial statements and certain financial statements of entities or cable systems we acquired (as required to comply with the application of Rule 3-05 of Regulation S-X and Staff Accounting Bulletin 80), the related notes thereto, and the reports of independent auditors are included in this Annual Report beginning on page F-1.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE.

None.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT.

The information required by this Item is incorporated by reference to our Proxy Statement for the 2001 Annual Meeting of Shareholders.

ITEM 11. EXECUTIVE COMPENSATION.

The information required by this Item is incorporated by reference to our Proxy Statement for the 2001 Annual Meeting of Shareholders.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT.

The information required by this Item is incorporated by reference to our Proxy Statement for the 2001 Annual Meeting of Shareholders.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS.

The information required by this Item is incorporated by reference to our Proxy Statement for the 2001 Annual Meeting of Shareholders.

PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES, AND REPORTS ON FORM 8-K.

(a) The following documents are filed as part of this Annual Report:

(1) Financial Statements.

A listing of the financial statements, notes and reports of independent public accountants required by Item 8 begins on page F-1 of this Annual Report.

(2) Financial Statement Schedules.

No financial statement schedules are required to be filed by Items 8 and 14(d) because they are not required or are not applicable, or the required information is set forth in the applicable financial statements or notes thereto.

(3) Exhibits (listed by numbers corresponding to the Exhibit Table of Item 601 in Regulation S-K).

EXHIBIT	DESCRIPTION
2.1	Merger Agreement, dated March 31, 1999, by and between Charter Communications Holdings, LLC and Marcus Cable Holdings, LLC (Incorporated by reference to Amendment No. 2 to the registration statement on Form S-4 of Charter Communications Holdings, LLC and Charter Communications Holdings Capital Corporation filed on June 22, 1999 (File No. 333-77499))
2.6(a)	Asset and Stock Purchase Agreement, dated April 20, 1999, between InterMedia Partners of West Tennessee, L.P. and Charter Communications, LLC (Incorporated by reference to Amendment No. 2 to the registration statement on Form S-4 of Charter Communications Holdings, LLC and Charter Communications Holdings Capital Corporation filed on June 22, 1999 (File No. 333-77499))
2.6(b)	Stock Purchase Agreement, dated April 20, 1999, between TCID 1P-V, Inc. and Charter Communications, LLC (Incorporated by reference to Amendment No. 2 to the registration statement on Form S-4 of Charter Communications Holdings, LLC and Charter Communications Holdings Capital Corporation filed on June 22, 1999 (File No. 333-77499))
2.6(c)	RMG Purchase Agreement, dated as of April 20, 1999, between Robin Media Group, Inc., InterMedia Partners of West Tennessee, L.P. and Charter RMG, LLC (Incorporated by reference to Amendment No. 2 to the registration statement on Form S-4 of Charter Communications Holdings, LLC and Charter Communications Holdings Capital Corporation filed on June 22, 1999 (File No. 333-77499))

EXHIBIT	DESCRIPTION
2.6(d)	Asset Exchange Agreement, dated April 20, 1999, among InterMedia Partners Southeast, Charter Communications, LLC, Charter Communications Properties, LLC, and Marcus Cable Associates, L.L.C. (Incorporated by reference to Amendment No. 2 to the registration statement on Form S-4 of Charter Communications Holdings, LLC and Charter Communications Holdings Capital Corporation filed on June 22, 1999 (File No. 333-77499))
2.6(d)(i)	Amendment to Asset Exchange Agreement, made as of October 1, 1999, by and among InterMedia Partners Southeast and Charter Communications, LLC, Charter Communications Properties, LLC and Marcus Cable Associates, L.L.C. (Incorporated by reference to Amendment No. 3 to the registration statement on Form S-1 of Charter Communications, Inc. filed on October 18, 1999 (File No. 333-83887))
2.6(e)	Asset Exchange Agreement, dated April 20, 1999, among InterMedia Partners, a California Limited Partnership, Brenmor Cable Partners, L.P. and Robin Media Group, Inc. (Incorporated by reference to Amendment No. 2 to the registration statement on Form S-4 of Charter Communications Holdings, LLC and Charter Communications Holdings Capital Corporation filed on June 22, 1999 (File No. 333-77499))
2.6(f)	Common Agreement, dated April 20, 1999, between InterMedia Partners, InterMedia Partners Southeast, InterMedia Partners of West Tennessee, L.P., InterMedia Capital Partners IV, L.P., InterMedia Partners IV, L.P., Brenmor Cable Partners, L.P., TCID IP-V, Inc., Charter Communications, LLC, Charter Communications Properties, LLC, Marcus Cable Associates, L.L.C. and Charter RMG, LLC (Incorporated by reference to Amendment No. 3 to the registration statement on Form S-4 of Charter Communications Holdings, LLC and Charter Communications Holdings Capital Corporation filed on July 2, 1999 (File No. 333-77499)) (Portions of this exhibit have been omitted pursuant to a request for confidential treatment.)
2.7(a)	Purchase and Sale Agreement, dated as of April 26, 1999, by and among InterLink Communications Partners, LLLP, the sellers listed therein and Charter Communications, Inc. (now called Charter Investment, Inc.) (Incorporated by reference to Amendment No. 2 to the registration statement on Form S-4 of Charter Communications Holdings, LLC and Charter Communications Holdings Capital Corporation filed on June 22, 1999 (File No. 333-77499))
2.7(b)	Purchase and Sale Agreement, dated as of April 26, 1999, by and among Rifkin Acquisition Partners, L.L.L.P., the sellers listed therein and Charter Communications, Inc. (now called Charter Investment, Inc.) (Incorporated by reference to Amendment No. 4 to the registration statement on Form S-4 of Charter Communications Holdings, LLC and Charter Communications Holdings Capital Corporation filed on July 22, 1999 (File No. 333-77499))
2.7(c)	RAP Indemnity Agreement, dated April 26, 1999, by and among the sellers listed therein and Charter Communications, Inc. (now called Charter Investment, Inc.) (Incorporated by reference to Amendment No. 4 to the registration statement on Form S-4 of Charter Communications Holdings, LLC and Charter Communications Holdings Capital Corporation filed on July 22, 1999 (File No. 333-77499))
2.7(d)	Assignment of Purchase Agreement with InterLink Communications Partners, LLLP, dated as of June 30, 1999, by and between Charter Communications, Inc. (now called Charter Investment, Inc.) and Charter Communications Operating, LLC (Incorporated by reference to Amendment No. 4 to the registration statement on Form S-4 of Charter Communications Holdings, LLC and Charter Communications Holdings Capital Corporation filed on July 22, 1999 (File No. 333-77499))

EXHIBIT	DESCRIPTION
2.7(e)	Assignment of Purchase Agreement with Rifkin Acquisition Partners L.L.L.P., dated as of June 30, 1999, by and between Charter Communications, Inc. (now called Charter Investment, Inc.) and Charter Communications Operating, LLC (Incorporated by reference to Amendment No. 4 to the registration statement on Form S-4 of Charter Communications Holdings, LLC and Charter Communications Holdings Capital Corporation filed on July 22, 1999 (File No. 333-77499))
2.7(f)	Assignment of RAP Indemnity Agreement, dated as of June 30, 1999, by and between Charter Communications, Inc. (now called Charter Investment, Inc.) and Charter Communications Operating, LLC (Incorporated by reference to Amendment No. 4 to the registration statement on Form S-4 of Charter Communications Holdings, LLC and Charter Communications Holdings Capital Corporation filed on July 22, 1999 (File No. 333-77499))
2.7(g)	Amendment to the Purchase Agreement with InterLink Communications Partners, LLLP, dated June 29, 1999 (Incorporated by reference to Amendment No. 6 to the registration statement on Form S-4 of Charter Communications Holdings, LLC and Charter Communications Holdings Capital Corporation filed on August 27, 1999 (File No. 333-77499))
2.7(h)	Contribution Agreement, dated as of September 14, 1999, by and among Charter Communications Operating, LLC, Charter Communications Holding Company, LLC, Charter Communications, Inc., Paul G. Allen and the certain other individuals and entities listed on the signature pages thereto (Incorporated by reference to Amendment No. 3 to the registration statement on Form S-1 of Charter Communications, Inc. filed on October 18, 1999 (File No. 333-83887))
2.7(i)	Form of First Amendment to the Contribution Agreement dated as of September 14, 1999, by and among Charter Communications Operating, LLC, Charter Communications Holding Company, LLC, Charter Communications, Inc. and Paul G. Allen (Incorporated by reference to Amendment No. 5 to the registration statement on Form S-1 of Charter Communications, Inc. filed on November 4, 1999 (File No. 333-83887))
2.8	Contribution and Sale Agreement dated as of December 30, 1999, by and among Charter Communications Holding Company, LLC, CC VII Holdings, LLC and Charter Communications VII, LLC (Incorporated by reference to the report on Form 8-K of Charter Communications Holdings, LLC and Charter Communications Holdings Capital Corporation filed on January 18, 2000 (File No. 333-77499))
2.9	Contribution and Sale Agreement dated as of December 30, 1999, by and among Charter Communications Holding Company, LLC and Charter Communications Holdings, LLC (Incorporated by reference to the report on Form 8-K of Charter Communications Holdings, LLC and Charter Communications Holdings Capital Corporation filed on January 18, 2000 (File No. 333-77499))
2.10(a)	Securities Purchase Agreement, dated May 13, 1999, by and between Avalon Cable Holdings LLC, Avalon Investors, L.L.C., Avalon Cable of Michigan Holdings, Inc. and Avalon Cable LLC and Charter Communications Holdings LLC and Charter Communications, Inc. (now called Charter Investment, Inc.) (Incorporated by reference to Amendment No. 1 to the registration statement on Form S-4 of Avalon Cable of Michigan LLC, Avalon Cable of Michigan Inc., Avalon Cable of New England LLC and Avalon Cable Finance Inc. filed on May 28, 1999 (File No. 333-75453))

EXHIBIT	DESCRIPTION
2.10(b)	Assignment and Contribution Agreement, entered into as of October 11, 1999 by and between Charter Communications Holding Company, LLC and Charter Communications, Inc. (Incorporated by reference to Amendment No. 3 to the registration statement on Form S-1 of Charter Communications, Inc. filed on October 18, 1999 (File No. 333-83887))
2.10(c)	Assignment Agreement effective as of June 16, 1999, by and among Charter Communications, Inc., Charter Communications Holdings LLC, Charter Communications Holding Company, LLC, Avalon Cable Holdings LLC, Avalon Investors, L.L.C., Avalon Cable of Michigan Holdings, Inc. and Avalon Cable LLC (Incorporated by reference to Amendment No. 3 to the registration statement on Form S-1 of Charter Communications, Inc. filed on October 18, 1999 (File No. 333-83887))
2.11(a)	Purchase and Contribution Agreement, dated as of May 26, 1999, by and among Falcon Communications, L.P., Falcon Holding Group, L.P., TCI Falcon Holdings, LLC, Falcon Cable Trust, Falcon Holding Group, Inc. and DHN Inc. and Charter Communications, Inc. (now called Charter Investment, Inc.)(Incorporated by reference to Amendment No. 2 to the registration statement on Form S-1 of Charter Communications, Inc. filed on September 28, 1999 (File No. 333-83887))
2.11(b)	First Amendment to Purchase and Contribution Agreement, dated as of June 22, 1999, by and among Charter Communications, Inc., Charter Communications Holding Company, LLC, Falcon Communications, L.P., Falcon Holding Group, L.P., TCI Falcon Holdings, LLC, Falcon Cable Trust, Falcon Holding Group, Inc. and DHN Inc. (Incorporated by reference to the quarterly report on Form 10-Q filed by Falcon Communications, L.P. and Falcon Funding Corporation on August 13, 1999 (File Nos. 333-60776 and 333-55755))
2.11(c)	Form of Second Amendment to Purchase And Contribution Agreement, dated as of October 27, 1999, by and among Charter Investment, Inc., Charter Communications Holding Company, LLC, Falcon Communications, L.P., Falcon Holding Group, L.P., TCI Falcon Holdings, LLC, Falcon Holding Group, Inc. and DHN Inc. (Incorporated by reference to Amendment No. 5 to the registration statement on Form S-1 of Charter Communications, Inc. filed on November 4, 1999 (File No. 333-83887))
2.11(d)	Third Amendment to Purchase and Contribution Agreement dated as of November 12, 1999, by and among Charter Communications, Inc., Falcon Communications L.P., Falcon Holdings Group, L.P., TCI Falcon Holdings, LLC, Falcon Cable Trust, Falcon Holding Group, Inc. and DHN Inc. (Incorporated by reference to the report on Form 8-K of CC VII Holdings, LLC and Falcon Funding Corporation filed on November 26, 1999 (File No. 033-60776))
2.12(a)	Purchase Agreement, dated as of May 21, 1999, among Blackstone TWF Capital Partners, L.P., Blackstone TWF Capital Partners A L.P., Blackstone TWF Capital Partners B L.P., Blackstone TWF Family Investment Partnership, L.P., RCF Carry, LLC, Fanch Management Partners, Inc., PBW Carried Interest, Inc., RCF Indiana Management Corp, The Robert C. Fanch Revocable Trust, A. Dean Windry, Thomas Binning, Jack Pottle, SDG/Michigan Communications Joint Venture, Fanch-JV2 Master Limited Partnership, Cooney Cable Associates of Ohio, Limited Partnership, North Texas Cablevision, LTD., Post Cablevision of Texas, Limited Partnership, Spring Green Communications, L.P., Fanch-Narragansett CSI Limited Partnership, and Fanch Cablevision of Kansas General Partnership and Charter Communications, Inc. (now called Charter Investment, Inc.) (Incorporated by reference to Amendment No. 2 to the registration statement on Form S-1 of Charter Communications, Inc. filed on September 28, 1999 (File No. 333-83887))

EXHIBIT	DESCRIPTION
2.12(b)	Assignment of Purchase Agreement by and between Charter Investment, Inc. and Charter Communications Holding Company, LLC, effective as of September 21, 1999 (Incorporated by reference to Amendment No. 3 to the registration statement on Form S-1 of Charter Communications, Inc. filed on October 18, 1999 (File No. 333-83887))
2.13	Purchase and Contribution Agreement, entered into as of June 1999, by and among BCI (USA), LLC, William Bresnan, Blackstone BC Capital Partners L.P., Blackstone BC Offshore Capital Partners L.P., Blackstone Family Investment Partnership III L.P., TCID of Michigan, Inc. and TCI Bresnan LLC and Charter Communications Holding Company, LLC (now called Charter Investment, Inc.)(Incorporated by reference to Amendment No. 2 to the registration statement on Form S-1 of Charter Communications, Inc. filed on September 28, 1999 (File No. 333-83887))
2.14(a)	Asset Purchase Agreement, dated as of February 26, 2001, among Marcus Cable of Alabama, L.L.C., on the one hand, and TCI of Selma, Inc., TCI of Lee County, Inc., TCI Cablevision of Alabama, Inc., Alabama T.V. Cable, Inc. and TCI Southeast, Inc., on the other hand
2.14(b)	Reorganization Agreement, dated as of February 26, 2001, among Charter Communications, Inc., on the one hand, and TCI TKR of Alabama, Inc. and TCI Southeast, Inc., on the other hand
2.14(c)	Asset Purchase Agreement, dated as of February 26, 2001, among Falcon Cable Systems Company II, L.P., on the one hand, and AT&T Broadband, LLC, Communication Services, Inc., Ohio Cablevision Network, Inc., TCI Cablevision of California, Inc. and TCI Washington Associates, L.P., on the other hand
2.14(d)	Reorganization Agreement, dated as of February 26, 2001, among Charter Communications, Inc., on the one hand, and TCI Cablevision of Nevada, Inc. and TCI West, Inc., on the other hand
2.14(e)	Asset Purchase Agreement, dated as of February 26, 2001, among Charter Communications, Inc., Interlink Communications Partners, LLC, Charter Communications, LLC and Falcon Cable Media, on the one hand, and TCI Cable Partners of St. Louis, L.P. and TCI Cablevision of Missouri, Inc., on the other hand
2.14(f)	Asset Purchase Agreement, dated as of February 26, 2001, among Charter Communications Entertainment I, LLC, on the one hand, and St. Louis Tele-Communications, Inc., TCI Cable Partners of St. Louis, L.P., TCI Cablevision of Missouri, Inc., TCI of Illinois, Inc., TCI TKR of Central Florida, Inc. and TCI Holdings, Inc., on the other hand
2.14(g)	Agreement Regarding Closing Matters, dated as of February 26, 2001, among Charter Communications, Inc., on behalf of itself, Marcus Cable of Alabama, L.L.C., Falcon Cable Systems Company II, L.P., Interlink Communications Partners, LLC, Charter Communications, LLC, Falcon Cable Media, and Charter Communications Entertainment I, LLC, on the one hand, and AT&T Broadband, LLC, on behalf of itself, TCI TKR of Alabama, Inc., TCI of Selma, Inc., TCI of Lee County, TCI Cablevision of Alabama, Inc. and Alabama T.V. Cable, Inc., TCI Southeast, Inc., TCI Cablevision of Nevada, Inc., TCI West, Inc., Communications Services, Inc., Ohio Cablevision Network, Inc., TCI Cablevision of California, Inc., TCI Washington Associates, LP., TCI of Illinois, Inc., TCI Cablevision of Missouri, Inc., St. Louis Tele-Communications, Inc., TCI Cable Partners of St. Louis, L.P., TCI TKR of Central Florida, Inc. and TCI Holdings, Inc., on the other hand

EXHIBIT	DESCRIPTION
3.1(a)	Restated Certificate of Incorporation of Charter Communications, Inc. (Originally incorporated July 22, 1999) (Incorporated by reference to Amendment No. 3 to the registration statement on Form S-1 of Charter Communications, Inc. filed on October 18, 1999 (File No. 333-83887))
3.1(b)	Certificate of Amendment of Restated Certificate of Incorporation of Charter Communications, Inc. filed October 24, 2000
3.2	By-Laws of Charter Communications, Inc. (Incorporated by reference to Amendment No. 3 to the registration statement on Form S-1 of Charter Communications, Inc. filed on October 18, 1999 (File No. 333-03887))
4.1(a)	Indenture relating to the 10.00% Senior Notes due 2009, dated as of January 12, 2000, between Charter Communications Holdings, LLC, Charter Communications Holdings Capital Corporation and Harris Trust and Savings Bank (Incorporated by reference to the registration statement on Form S-4 of Charter Communications Holdings, LLC and Charter Communications Holdings Capital Corporation filed on January 25, 2000 (File No. 333-95351))
4.1(b)	Form of 10.00% Senior Note due 2010 (included in Exhibit No. 4.1(a)) (Incorporated by reference to the registration statement on Form S-4 of Charter Communications Holdings, LLC and Charter Communications Holdings Capital Corporation filed on January 25, 2000 (File No. 333-95351))
4.1(c)	Exchange and Registration Rights Agreement, dated January 12, 2000, by and among Charter Communications Holdings, LLC, Charter Communications Holdings Capital Corporation, Goldman, Sachs & Co., Chase Securities Inc., FleetBoston Robertson Stephens Inc., Merrill Lynch, Pierce, Fenner & Smith Incorporated, Morgan Stanley & Co. Incorporated, TD Securities (USA) Inc., First Union Securities, Inc., PNC Capital Markets, Inc. and SunTrust Equitable Securities Corporation, relating to the 10.00% Senior Notes due 2009 (Incorporated by reference to the registration statement on Form S-4 of Charter Communications Holdings, LLC and Charter Communications Holdings Capital Corporation filed on January 25, 2000 (File No. 333-95351))
4.2(a)	Indenture relating to the 10.25% Senior Notes due 2010, dated as of January 12, 2000, among Charter Communications Holdings, LLC, Charter Communications Holdings Capital Corporation and Harris Trust and Savings Bank (Incorporated by reference to the registration statement on Form S-4 of Charter Communications Holdings, LLC and Charter Communications Holdings Capital Corporation filed on January 25, 2000 (File No. 333-95351))
4.2(b)	Form of 10.25% Senior Note due 2010 (included in Exhibit No. 4.2(a)) (Incorporated by reference to the registration statement on Form S-4 of Charter Communications Holdings, LLC and Charter Communications Holdings Capital Corporation filed on January 25, 2000 (File No. 333-95351))
4.2(c)	Exchange and Registration Rights Agreement, dated January 12, 2000, by and among Charter Communications Holdings, LLC, Charter Communications Holdings Capital Corporation, Goldman, Sachs & Co., Chase Securities Inc., FleetBoston Robertson Stephens Inc., Merrill Lynch, Pierce, Fenner & Smith Incorporated, Morgan Stanley & Co. Incorporated, TD Securities (USA) Inc., First Union Securities, Inc., PNC Capital Markets, Inc. and SunTrust Equitable Securities Corporation, relating to the 10.25% Senior Notes due 2010 (Incorporated by reference to the registration statement on Form S-4 of Charter Communications Holdings, LLC and Charter Communications Holdings Capital Corporation filed on January 25, 2000 (File No. 333-95351))

EXHIBIT	DESCRIPTION
4.3(a)	Indenture relating to the 11.75% Senior Discount Notes due 2010, dated as of January 12, 2000, among Charter Communications Holdings, LLC, Charter Communications Holdings Capital Corporation and Harris Trust and Savings Bank (Incorporated by reference to the registration statement on Form S-4 of Charter Communications Holdings, LLC and Charter Communications Holdings Capital Corporation filed on January 25, 2000 (File No. 333-95351))
4.3(b)	Form of 11.75% Senior Discount Note due 2010 (included in Exhibit No. 4.3(a)) (Incorporated by reference to the registration statement on Form S-4 of Charter Communications Holdings, LLC and Charter Communications Holdings Capital Corporation filed on January 25, 2000 (File No. 333-95351))
4.3(c)	Exchange and Registration Rights Agreement, dated January 12, 2000, by and among Charter Communications Holdings, LLC, Charter Communications Holdings Capital Corporation, Goldman, Sachs & Co., Chase Securities Inc., FleetBoston Robertson Stephens Inc., Merrill Lynch, Pierce, Fenner & Smith Incorporated, Morgan Stanley & Co. Incorporated, TD Securities (USA) Inc., First Union Securities, Inc., PNC Capital Markets, Inc. and SunTrust Equitable Securities Corporation, relating to the 11.75% Senior Discount Notes due 2010 (Incorporated by reference to the registration statement on Form S-4 of Charter Communications Holdings, LLC and Charter Communications Holdings Capital Corporation filed on January 25, 2000 (File No. 333-95351))
4.4(a)	Indenture relating to the 8.250% Senior Notes due 2007, dated as of March 17, 1999, between Charter Communications Holdings, LLC, Charter Communications Holdings Capital Corporation and Harris Trust and Savings Bank (Incorporated by reference to Amendment No. 2 to the registration statement on Form S-4 of Charter Communications Holdings, LLC and Charter Communications Holdings Capital Corporation filed on June 22, 1999 (File No. 333-77499))
4.4(b)	Indenture relating to the 8.625% Senior Notes due 2009, dated as of March 17, 1999, among Charter Communications Holdings, LLC, Charter Communications Holdings Capital Corporation and Harris Trust and Savings Bank (Incorporated by reference to Amendment No. 2 to the registration statement on Form S-4 of Charter Communications Holdings, LLC and Charter Communications Holdings Capital Corporation filed on June 22, 1999 (File No. 333-77499))
4.4(c)	Indenture relating to the 9.920% Senior Discount Notes due 2011, dated as of March 17, 1999, among Charter Communications Holdings, LLC, Charter Communications Holdings Capital Corporation and Harris Trust and Savings Bank (Incorporated by reference to Amendment No. 2 to the registration statement on Form S-4 of Charter Communications Holdings, LLC and Charter Communications Holdings Capital Corporation filed on June 22, 1999 (File No. 333-77499))
4.5	Indenture, dated as of April 9, 1998, by and among Renaissance Media (Louisiana) LLC, Renaissance Media (Tennessee) LLC, Renaissance Media Capital Corporation, Renaissance Media Group LLC and United States Trust Company of New York, as trustee (Incorporated by reference to the registration statement on Forms S-4 of Renaissance Media Group LLC, Renaissance Media (Tennessee) LLC, Renaissance Media (Louisiana) LLC and Renaissance Media Capital Corporation filed on June 12, 1998 (File No. 333-56679))

EXHIBIT	DESCRIPTION
4.6	Indenture, dated January 15, 1996, by and among Rifkin Acquisition Partners, L.L.L.P., Rifkin Acquisition Capital Corp., as issuers, Cable Equities of Colorado Management Corp., FNI Management Corp., Cable Equities of Colorado, Ltd., Cable Equities, Inc. and Rifkin/Tennessee, Ltd., as Subsidiary Guarantors, and Marine Midland Bank, as trustee (Incorporated by reference to the registration statement on Form S-1 of Rifkin Acquisition Capital Corp. and Rifkin Acquisition Partners, L.L.P. filed on April 2, 1996 (File No. 333-3084))
4.7(a)	Indenture, dated as of December 10, 1998, by and among Avalon Cable of Michigan Holdings, Inc., Avalon Cable LLC and Avalon Cable Holdings Finance, Inc., as issuers and The Bank of New York, as trustee for the Notes (Incorporated by reference to Amendment No. 1 to the registration statement on Form S-4 of Charter Communications Holdings, LLC and Charter Communications Holdings Capital Corporation filed on April 18, 2000 (File No. 333-77499))
4.7(b)	Supplemental Indenture, dated as of March 26, 1999, by and among Avalon Cable of Michigan Holdings, Inc., Avalon Cable LLC and Avalon Cable Holdings Finance, Inc., as issuers, Avalon Cable of Michigan, Inc., as guarantor, and The Bank of New York, as trustee for the Notes (Incorporated by reference to Amendment No. 1 to the registration statement on Form S-4 of Avalon Cable LLC, Avalon Cable Holdings Finance, Inc., Avalon Cable of Michigan Holdings, Inc. and Avalon Cable of Michigan, Inc. filed on May 28, 1999 (File No. 333-75415))
4.8	Indenture relating to 5.75% Convertible Senior Notes due 2005, dated as of October 25, 2000, among Charter Communications, Inc. and BNY Midwest Trust Company as trustee (Incorporated by reference to the quarterly report on Form 10-Q filed by Charter Communications, Inc. on November 14, 2000 (File No. 000-27927))
4.9	Registration Rights Agreement relating to 5.75% Convertible Senior Notes due 2005, dated as of October 30, 2000, among Charter Communications, Inc., Goldman, Sachs & Co., Morgan Stanley & Co. Incorporated, Bear, Stearns & Co., and Merrill Lynch Pierce, Fenner & Smith Incorporated (Incorporated by reference to the quarterly report on Form 10-Q filed by Charter Communications, Inc. on November 14, 2000 (File No. 000-27927))
10.1	Credit Agreement, dated as of March 18, 1999, between Charter Communications Operating, LLC, and certain lenders and agents named therein (Incorporated by reference to Amendment No. 2 to the registration statement on Form S-4 of Charter Communications Holdings, LLC and Charter Communications Holdings Capital Corporation filed on June 22, 1999 (File No. 333-77499))
10.1(a)	First Amendment to Credit Agreement dated as of June 28, 1999 between Charter Communications Operating, LLC, Charter Communications Holdings LLC and certain lenders and agents named therein (Incorporated by reference to the registration statement on Form S-4 of Charter Communications Holdings, LLC and Charter Communications Holdings Capital Corporation filed on January 25, 2000 (File No. 333-95351))
10.1(b)	Second Amendment to Credit Agreement dated as of December 14, 1999 between Charter Communications Operating, LLC, Charter Communications Holdings LLC and certain lenders and agents named therein (Incorporated by reference to the registration statement on Form S-4 of Charter Communications Holdings, LLC and Charter Communications Holdings Capital Corporation filed on January 25, 2000 (File No. 333-95351))
10.1(c)	Third Amendment to Credit Agreement dated as of March 18, 2000, between Charter Communications Operating, LLC, Charter Communications, LLC and certain lenders and agents named therein (Incorporated by reference to the annual report on Form 10-K filed by Charter Communications, Inc. on March 30, 2000 (File No. 333-83887))

EXHIBIT	DESCRIPTION
10.2(a)(1)	Form of Second Amended Management Agreement, dated as of November 9, 1999, by and among Charter Investment, Inc., Charter Communications, Inc. and Charter Communications Operating, LLC (Incorporated by reference to Amendment No. 3 to the registration statement on Form S-1 of Charter Communications, Inc. filed on October 18, 1999 (File No. 333-83887))
10.2(b)	First Amended and Restated Mutual Services Agreement, dated as of December 21, 2000, by and between Charter Communications, Inc., Charter Investment, Inc. and Charter Communications Holding Company, LLC (Incorporated by reference to the registration statement on Form S-4 of Charter Communications Holdings, LLC and Charter Communications Holdings Capital Corporation filed on February 2, 2001 (File No. 333-54902))
10.2(c)	Form of Management Agreement, dated as of November 9, 1999, by and between Charter Communications Holding Company, LLC and Charter Communications, Inc. (Incorporated by reference to Amendment No. 3 to the registration statement on Form S-1 of Charter Communications, Inc. filed on October 18, 1999 (File No. 333-83887))
10.2(d)	Management Agreement, dated as of November 12, 1999, by and between CC VI Operating Company, LLC and Charter Communications, Inc. (Incorporated by reference to Amendment No. 1 to the registration statement on Form S-4 of Charter Communications Holdings, LLC and Charter Communications Holdings Capital Corporation filed on April 18, 2000 (File No. 333-77499))
10.2(e)	Management Agreement, dated as of November 12, 1999 by and between Falcon Cable Communications, LLC and Charter Communications, Inc. (Incorporated by reference to Amendment No. 1 to the registration statement on Form S-4 of Charter Communications Holdings, LLC and Charter Communications Holdings Capital Corporation filed on April 18, 2000 (File No. 333-77499))
10.2(f)	Management Agreement dated as of February 14, 2000, by and between CC VIII Operating, LLC, certain subsidiaries of CC VIII Operating, LLC and Charter Communications, Inc. (Incorporated by reference to the annual report on Form 10-K filed by Charter Communications, Inc. on March 30, 2000 (File No. 333-83887))
10.3	Consulting Agreement, dated as of March 10, 1999, by and between Vulcan Northwest Inc., Charter Communications, Inc. (now called Charter Investment Inc.) and Charter Communications Holdings, LLC (Incorporated by reference to Amendment No. 4 to the registration statement on Form S-4 of Charter Communications Holdings, LLC and Charter Communications Holdings Capital Corporation filed on July 22, 1999 (File No. 333-77499))
10.4	Charter Communications Holdings, LLC 1999 Option Plan (Incorporated by reference to Amendment No. 4 to the registration statement on Form S-4 of Charter Communications Holdings, LLC and Charter Communications Holdings Capital Corporation filed on July 22, 1999 (File No. 333-77499))
10.4(a)	Assumption Agreement regarding option plan, dated as of May 25, 1999, by and between Charter Communications Holdings, LLC and Charter Communications Holding Company, LLC (Incorporated by reference to Amendment No. 6 to the registration statement on Form S-4 of Charter Communications Holdings, LLC and Charter Communications Holdings Capital Corporation filed on August 27, 1999 (File No. 333-77499))
10.4(b)	Form of Amendment No. 1 to the Charter Communications Holdings, LLC 1999 Option Plan (Incorporated by reference to Amendment No. 4 to the registration statement on Form S-1 of Charter Communications, Inc. filed on November 1, 1999 (File No. 333-83887))

EXHIBIT	DESCRIPTION
10.4(c)	Amendment No. 2 to the Charter Communications Holdings, LLC 1999 Option Plan (Incorporated by reference to the annual report on Form 10-K filed by Charter Communications, Inc. on March 30, 2000 (File No. 333-83887))
10.6	Membership Interests Purchase Agreement, dated July 22, 1999, by and between Charter Communications Holding Company, LLC and Paul G. Allen (Incorporated by reference to Amendment No. 6 to the registration statement on Form S-4 of Charter Communications Holdings, LLC and Charter Communications Holdings Capital Corporation filed on August 27, 1999 (File No. 333-77499))
10.7	Employment Agreement, dated as of August 28, 1998, between Jerald L. Kent and Paul G. Allen (Incorporated by reference to Amendment No. 5 to the registration statement on Form S-4 of Charter Communications Holdings, LLC and Charter Communications Holdings Capital Corporation filed on August 10, 1999 (File No. 333-77499))
10.8	Assignment of Employment Agreements, dated as of December 23, 1998, between Paul G. Allen and Charter Communications, Inc. (now called Charter Investment, Inc.) (Incorporated by reference to Amendment No. 6 to the registration statement on Form S-4 of Charter Communications Holdings, LLC and Charter Communications Holdings Capital Corporation filed on August 27, 1999 (File No. 333-77499))
10.9(a)	Option Agreement, dated as of February 9, 1999, between Jerald L. Kent and Charter Communications Holdings, LLC (Incorporated by reference to Amendment No. 6 to the registration statement on Form S-4 of Charter Communications Holdings, LLC and Charter Communications Holdings Capital Corporation filed on August 27, 1999 (File No. 333-77499))
10.9(b)	Amendment to the Option Agreement, dated as of August 23, 1999, between Jerald L. Kent and Charter Communications Holding Company, LLC (Incorporated by reference to Amendment No. 6 to the registration statement on Form S-4 of Charter Communications Holdings, LLC and Charter Communications Holdings Capital Corporation filed on August 27, 1999 (File No. 333-77499))
10.9(c)	Form of Amendment to the Option Agreement, dated as of November 8, 1999, by and among Jerald L. Kent, Charter Communications Holding Company, LLC and Charter Communications, Inc. (Incorporated by reference to Amendment No. 4 to the registration statement on Form S-1 of Charter Communications, Inc. filed on November 1, 1999 (File No. 333-83887))
10.10	Letter Agreement, dated as of July 22, 1999 between Charter Communications Holding Company, LLC and Charter Communications Holdings, LLC (Incorporated by reference to Amendment No. 5 to the registration statement on Form S-4 of Charter Communications Holdings, LLC and Charter Communications Holdings Capital Corporation filed on August 10, 1999 (File No. 333-77499))
10.11	Amendment to Membership Interests Purchase Agreement, dated as of August 10, 1999, by and among Charter Communications Holding Company, LLC, Vulcan Cable III Inc. and Paul G. Allen (Incorporated by reference to Amendment No. 6 to the registration statement on Form S-4 of Charter Communications Holdings, LLC and Charter Communications Holdings Capital Corporation filed on August 27, 1999 (File No. 333-77499))
10.12	Form of Assignment and Assumption Agreement, dated as of November 4, 1999, by and between Charter Investment, Inc. and Charter Communications, Inc. (Incorporated by reference to Amendment No. 2 to the registration statement on Form S-1 of Charter Communications, Inc. filed on September 28, 1999 (File No. 333-83887))

EXHIBIT	DESCRIPTION
10.13	Form of Registration Rights Agreement, dated as of November 12, 1999, by and among Charter Communications, Inc., Charter Investment, Inc., Vulcan Cable III Inc., Mr. Paul G. Allen, Mr. Jerald L. Kent, Mr. Howard L. Wood and Mr. Barry L. Babcock (Incorporated by reference to Amendment No. 3 to the registration statement on Form S-1 of Charter Communications, Inc. filed on October 18, 1999 (File No. 333-83887))
10.14	Form of Consulting Agreement, dated as of November 1, 1999, by and between Howard L. Wood and Charter Communications, Inc. (Incorporated by reference to Amendment No. 4 to the registration statement on Form S-1 of Charter Communications, Inc. filed on November 1, 1999 (File No. 333-83887))
10.15	Form of Termination of Employment Agreement, dated as of November 1, 1999, by and between Howard L. Wood and Charter Investment, Inc., Communications, Inc. and Charter Communications Holding Company, LLC (Incorporated by reference to Amendment No. 4 to the registration statement on Form S-1 of Charter Communications, Inc. filed on November 1, 1999 (File No. 333-83887))
10.16	Letter Agreement, dated September 21, 1999, by and among Charter Communications, Inc., Charter Investment, Inc., Charter Communications Holding Company, Inc. and Vulcan Ventures Inc. (Incorporated by reference to Amendment No. 3 to the registration statement on Form S-1 of Charter Communications, Inc. filed on October 18, 1999 (File No. 333-83887))
10.17	Second Amended and Restated Credit Agreement dated as of February 2, 1999, as Amended and Restated as of January 2, 2001 by and among CC VIII Operating, LLC, as borrower, CC VIII Holdings, LLC, as guarantor, and several financial institutions or entities named therein (Incorporated by reference to the annual report on Form 10-K filed by Charter Communications, Inc. on March 30, 2000 (File No. 333-83887))
10.18	Form of Credit Agreement, dated as of June 30, 1998, as Amended and Restated as of November 12, 1999, among Falcon Cable Communications, LLC, certain guarantors and several financial institutions or entities named therein (Incorporated by reference to Amendment No. 3 to the registration statement on Form S-1 of Charter Communications, Inc. filed on October 18, 1999 (File No. 333-83887))
10.19	Credit Agreement, dated as of November 12, 1999, among CC VI Holdings, LLC, CC VI Operating Company, LLC and several financial institutions or entities named therein (Incorporated by reference to the report on Form 8-K of Charter Communications, Inc. filed on November 29, 1999 (File No. 333-83887))
10.20(a)	Amended and Restated Limited Liability Company Agreement for Charter Communications Holding Company, LLC, dated February 14, 2000 (Incorporated by reference to the current report on Form 8-K of Charter Communications, Inc. filed on February 29, 2000 (File No. 333-83887))
10.20(b)	Second Amendment to the Amended and Restated Limited Liability Company Agreement for Charter Communications Holding Company, LLC, dated October 24, 2000
10.21	Letter Agreement, dated May 25, 1999, between Charter Communications, Inc. and Marc Nathanson (Incorporated by reference to the registration statement on Form S-4 of Charter Communications Holdings, LLC and Charter Communications Holdings Capital Corporation filed on January 25, 2000 (File No. 333-95351))
10.22	Exchange Agreement, dated as of February 14, 2000, by and among Charter Communications, Inc., BCI (USA), LLC, William J. Bresnan, Blackstone BC Capital Partners L.P., Blackstone BC Offshore Capital Partners L.P., Blackstone Family Media, III L.P. (as assignee of Blackstone Family Investment III L.P.), TCID of Michigan, Inc., and TCI Bresnan LLC (Incorporated by reference to the current report on Form 8-K of Charter Communications, Inc. filed on February 29, 2000 (File No. 333-83887))

EXHIBIT	DESCRIPTION
10.23	Form of Exchange Agreement, dated as of November 12, 1999 by and among Charter Investment, Inc., Charter Communications, Inc., Vulcan Cable III Inc. and Paul G. Allen (Incorporated by reference to Amendment No. 3 to the registration statement on Form S-1 of Charter Communications, Inc. filed on October 18, 1999 (File No. 333-83887))
10.24	Commitment Letter, dated February 26, 2001, by and among Goldman Sachs Credit Partners, L.P. and Morgan Stanley Senior Funding, Inc., on the one hand, and Charter Communications Holdings, LLC and Charter Communications Holdings Capital Corporation, on the other hand
12.1	Computation of Ratio of Earnings to Fixed Charges
21.1	Subsidiaries of Charter Communications Holdings, LLC
23.2	Consent of Arthur Andersen LLP
23.3	Consent of Ernst & Young LLP
23.4	Consent of KPMG LLP
23.5	Consent of Ernst & Young LLP
99	Risk Factors

(b) Reports on Form 8-K

On October 25, 2000, the Registrant filed a current report on Form 8-K relating to the offering and pricing of $650.0 million of Convertible Senior Notes due 2005.

On November 2, 2000, the Registrant filed a current report on Form 8-K to announce third quarter 2000 financial results.

On December 28, 2000, the Registrant filed a current report on Form 8-K to announce the Registrant's plans to raise, through its subsidiaries, Charter Communications Holdings, LLC and Charter Communications Holdings Capital Corporation, $850.0 million of senior and senior discount notes in a private placement. The transaction size was subsequently increased and the issuers received gross proceeds of approximately $1.75 billion when the notes were sold in January 2001.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, Charter Communications, Inc. has duly caused this Annual Report to be signed on its behalf by the undersigned, thereunto duly authorized.

CHARTER COMMUNICATIONS, INC.,
Registrant

By: /s/ JERALD L. KENT

Jerald L. Kent
President and Chief Executive Officer

Date: February 28, 2001

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of Charter Communications, Inc. and in the capacities and on the dates indicated.

SIGNATURE	TITLE	DATE
/s/ PAUL G. ALLEN Paul G. Allen	Chairman of the Board of Directors	February 27, 2001
/s/ JERALD L. KENT Jerald L. Kent	President, Chief Executive Officer, Director (Principal Executive Officer)	February 27, 2001
/s/ KENT D. KALKWARF Kent D. Kalkwarf	Executive Vice President and Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)	February 27, 2001
/s/ MARC B. NATHANSON Marc B. Nathanson	Director	February 27, 2001
/s/ RONALD L. NELSON Ronald L. Nelson	Director	February 27, 2001
/s/ NANCY B. PERETSMAN Nancy B. Peretsman	Director	February 27, 2001

SIGNATURE	TITLE	DATE
/s/ WILLIAM D. SAVOY William D. Savoy	Director	February 27, 2001
/s/ HOWARD L. WOOD Howard L. Wood	Director	February 27, 2001

INDEX TO FINANCIAL STATEMENTS

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

TO CHARTER COMMUNICATIONS, INC.:

We have audited the accompanying consolidated balance sheets of Charter Communications, Inc. and subsidiaries as of December 31, 2000 and 1999, and the related consolidated statements of operations, changes in shareholders' equity and cash flows for the years then ended and for the period from December 24, 1998, through December 31, 1998. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits. We did not audit the financial statements of Charter Communications VI Operating Company, LLC and subsidiaries, and CC VII Holdings, LLC -- Falcon Systems, as of December 31, 1999, and for the periods from the dates of acquisition through December 31, 1999, which statements on a combined basis reflect total assets and total revenues of 31 percent and 6 percent, respectively, of the related consolidated totals of the Company. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for those entities, is based solely on the reports of the other auditors.

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

In our opinion, based on our audits and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the financial position of Charter Communications, Inc. and subsidiaries as of December 31, 2000 and 1999, and the results of their operations and their cash flows for the years then ended, and for the period from December 24, 1998, through December 31, 1998, in conformity with accounting principles generally accepted in the United States.

/s/ ARTHUR ANDERSEN LLP

St. Louis, Missouri,
February 8, 2001

REPORT OF INDEPENDENT AUDITORS

Charter Communications VI
Operating Company, LLC

We have audited the consolidated balance sheet of Charter Communications VI Operating Company, LLC and subsidiaries as of December 31, 1999, and the related consolidated statements of operations, member's equity and cash flows for the period from inception (November 9, 1999) to December 31, 1999 (not presented separately herein). These financial statements are the responsibility of management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Charter Communications VI Operating Company, LLC and subsidiaries at December 31, 1999, and the consolidated results of its operations and its cash flows for the period from November 9, 1999 to December 31, 1999 in conformity with accounting principles generally accepted in the United States.

/s/ ERNST & YOUNG LLP

Denver, Colorado
February 11, 2000

REPORT OF INDEPENDENT AUDITORS

Sole Member
CC VII Holdings, LLC

We have audited the combined balance sheet of the CC VII Holdings, LLC -- Falcon Systems as of December 31, 1999, and the related combined statements of operations and parent's investment and cash flows for the period from November 13, 1999 (commencement date) to December 31, 1999 (not presented separately herein). These combined financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these combined financial statements based on our audit.

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

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the combined financial position of the CC VII Holdings, LLC -- Falcon Systems at December 31, 1999 and the results of its operations and its cash flows for the period from November 13, 1999 (commencement date) to December 31, 1999, in conformity with accounting principles generally accepted in the United States.

/s/ ERNST & YOUNG LLP

Los Angeles, California
March 2, 2000

CHARTER COMMUNICATIONS, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

	DECEMBER 31,	
	2000	1999
	(DOLLARS IN THOUSANDS)	
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 130,702	$ 133,706
Accounts receivable, less allowance for doubtful accounts of $12,421 and $11,471, respectively	217,667	93,743
Receivables from related party	6,480	--
Prepaid expenses and other	77,719	35,142
Total current assets	432,568	262,591
INVESTMENT IN CABLE PROPERTIES:		
Property, plant and equipment, net	5,267,519	3,490,573
Franchises, net	17,068,702	14,985,793
	22,336,221	18,476,366
OTHER ASSETS	274,777	227,550
	$23,043,566	$18,966,507
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable and accrued expenses	$ 1,367,234	$ 706,775
Payables to related party	--	13,183
Total current liabilities	1,367,234	719,958
LONG-TERM DEBT	13,060,455	8,936,455
DEFERRED MANAGEMENT FEES -- RELATED PARTY	13,751	21,623
OTHER LONG-TERM LIABILITIES	285,266	145,124
MINORITY INTEREST	4,089,329	5,381,331
REDEEMABLE SECURITIES	1,104,327	750,937
SHAREHOLDERS' EQUITY:		
Class A common stock	234	195
Class B common stock	--	--
Preferred stock	--	--
Additional paid-in capital	4,018,444	3,075,694
Accumulated deficit	(894,881)	(66,231)
Accumulated other comprehensive income (loss)	(593)	1,421
Total shareholders' equity	3,123,204	3,011,079
	$23,043,566	$18,966,507

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

CHARTER COMMUNICATIONS, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS

	YEAR ENDED DECEMBER 31,		PERIOD FROM DECEMBER 24, 1998, THROUGH DECEMBER 31,
	2000	1999	1998
	(DOLLARS IN THOUSANDS, EXCEPT SHARE DATA)		
REVENUES	$ 3,249,222	$ 1,428,244	$13,713
OPERATING EXPENSES:			
Operating, general and administrative	1,651,353	737,957	7,134
Depreciation and amortization	2,473,082	745,315	8,318
Option compensation expense	40,978	79,979	845
Corporate expense charge -- related party	55,243	51,428	473
	4,220,656	1,614,679	16,770
Loss from operations	(971,434)	(186,435)	(3,057)
OTHER INCOME (EXPENSE):			
Interest expense	(1,059,130)	(477,799)	(2,353)
Interest income	7,348	34,467	133
Loss on equity investments	(19,262)	--	--
Other, net	(12,467)	(8,039)	--
Loss before income tax expense and minority interest in loss of subsidiary	(2,054,945)	(637,806)	(5,277)
INCOME TAX EXPENSE	--	(1,030)	--
Loss before minority interest in loss of subsidiary	(2,054,945)	(638,836)	(5,277)
MINORITY INTEREST IN LOSS OF SUBSIDIARY	1,226,295	572,607	5,275
Net loss	$ (828,650)	$ (66,229)	$ (2)
LOSS PER COMMON SHARE, basic and diluted	$ (3.67)	$ (2.22)	$ (0.04)
Weighted-average common shares outstanding	225,697,775	29,811,202	50,000

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

CHARTER COMMUNICATIONS, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

	CLASS A COMMON STOCK	CLASS B COMMON STOCK	ADDITIONAL PAID-IN CAPITAL	ACCUMULATED DEFICIT	ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)	TOTAL SHAREHOLDERS' EQUITY
			(DOLLARS IN THOUSANDS)			
BALANCE, December 24, 1998.....	$ --	$--	$ 832	$ --	$ --	$ 832
Net loss.....	--	--	--	(2)	--	(2)
BALANCE, December 31, 1998.....	--	--	832	(2)	--	830
Issuance of Class B common stock to Mr. Allen.....	--	--	950	--	--	950
Net proceeds from initial public offering of Class A common stock.....	196	--	3,547,724	--	--	3,547,920
Issuance of common stock in exchange for additional equity of subsidiary.....	26	--	638,535	--	--	638,561
Distributions to Charter Investment.....	--	--	(2,233)	--	--	(2,233)
Equity classified as redeemable securities.....	(27)	--	(700,759)	--	--	(700,786)
Option compensation expense...	--	--	4,493	--	--	4,493
Loss on issuance of equity by subsidiary.....	--	--	(413,848)	--	--	(413,848)
Net loss.....	--	--	--	(66,229)	--	(66,229)
Unrealized gain on marketable securities available for sale.....	--	--	--	--	1,421	1,421
BALANCE, December 31, 1999.....	195	--	3,075,694	(66,231)	1,421	3,011,079
Issuance of common stock related to acquisitions....	11	--	177,976	--	--	177,987
Redeemable securities reclassified as equity.....	28	--	692,505	--	--	692,533
Option compensation expense...	--	--	16,405	--	--	16,405
Gain on issuance of equity by subsidiary.....	--	--	55,534	--	--	55,534
Stock options exercised.....	--	--	330	--	--	330
Net loss.....	--	--	--	(828,650)	--	(828,650)
Unrealized loss on marketable securities available for sale.....	--	--	--	--	(2,014)	(2,014)
BALANCE, December 31, 2000.....	$234	$--	$4,018,444	$(894,881)	$ (593)	$3,123,204

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

CHARTER COMMUNICATIONS, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

	YEAR ENDED DECEMBER 31,		PERIOD FROM DECEMBER 24, 1998, THROUGH DECEMBER 31,
	2000	1999	1998
	(DOLLARS IN THOUSANDS)		
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net loss	$ (828,650)	$ (66,229)	$ (2)
Adjustments to reconcile net loss to net cash provided by operating activities --			
Minority interest in loss of subsidiary	(1,226,295)	(572,607)	(5,275)
Depreciation and amortization	2,473,082	745,315	8,318
Option compensation expense	40,978	79,979	845
Noncash interest expense	181,436	100,674	--
Loss on equity investments	19,262	--	--
Changes in assets and liabilities, net of effects from acquisitions --			
Accounts receivable	(138,453)	(32,366)	(8,753)
Prepaid expenses and other	(45,203)	13,627	(211)
Accounts payable and accrued expenses	699,602	177,321	10,227
Receivables from and payables to related party, including deferred management fees	(49,138)	27,653	473
Other operating activities	4,589	6,549	2,022
Net cash provided by operating activities	1,131,210	479,916	7,644
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of property, plant and equipment	(2,825,126)	(741,508)	(13,672)
Payments for acquisitions, net of cash acquired	(1,188,000)	(7,629,564)	--
Loan to Marcus Cable Holdings	--	(1,680,142)	--
Purchases of investments	(59,149)	--	--
Other investing activities	18,307	(26,755)	--
Net cash used in investing activities	(4,053,968)	(10,077,969)	(13,672)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Borrowings of long-term debt	7,504,565	10,114,188	14,200
Repayments of long-term debt	(4,499,793)	(5,694,375)	--
Payments for debt issuance costs	(85,348)	(113,481)	--
Net proceeds from initial public offering of Class A common stock	--	3,547,920	--
Proceeds from issuance of Class B common stock	--	950	--
Capital contributions to Charter Holdco by Vulcan Cable	--	1,894,290	--
Distributions to Charter Investment	--	(10,931)	--
Other financing activities	330	(16,375)	--
Net cash provided by financing activities	2,919,754	9,722,186	14,200
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(3,004)	124,133	8,172
CASH AND CASH EQUIVALENTS, beginning of period	133,706	9,573	1,401
CASH AND CASH EQUIVALENTS, end of period	$ 130,702	$ 133,706	$ 9,573
CASH PAID FOR INTEREST	$ 750,606	$ 314,606	$ 5,538
NONCASH TRANSACTIONS:			
Transfer of operating subsidiaries to the Company	$ --	$ 1,252,370	$ --
Transfer of equity interests to the Company	--	180,710	--
Issuance of equity as partial payments for acquisitions	1,192,097	683,312	--

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

CHARTER COMMUNICATIONS, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(DOLLARS IN THOUSANDS, EXCEPT SHARE DATA)

1. ORGANIZATION AND BASIS OF PRESENTATION:

Charter Communications, Inc.

On July 22, 1999, Charter Investment, Inc. (Charter Investment), a company controlled by Paul G. Allen, formed a wholly owned subsidiary, Charter Communications, Inc. (Charter), a Delaware corporation, with a nominal initial investment.

On November 12, 1999, Charter sold 195.5 million shares of Class A common stock in an initial public offering and 50,000 shares of high vote Class B common stock to Mr. Allen. The net proceeds from the offerings of approximately $3.55 billion were used to purchase membership units of Charter Communications Holding Company, LLC (Charter Holdco), except for a portion of the proceeds that were retained by Charter to acquire a portion of the equity interests of Avalon Cable of Michigan Holdings, Inc. (Avalon). In exchange for the contribution of the net proceeds from the offerings and equity interests of Avalon, Charter received 195.55 million membership units of Charter Holdco on November 12, 1999, representing a 100% voting interest and an approximate 40.6% economic interest. As of December 31, 2000, Charter owns a 40.8% economic interest in Charter Holdco.

Prior to November 12, 1999, Charter Holdco was owned 100% by Charter Investment and Vulcan Cable III Inc. (Vulcan Cable), both entities controlled by Mr. Allen. Subsequent to November 12, 1999, Mr. Allen controls Charter through his ownership of all of the high vote Class B common stock and Charter controls Charter Holdco through its ownership of all the voting interests. Charter's purchase of 50,000 membership units of Charter Holdco was accounted for as a reorganization of entities under common control similar to a pooling of interests. Accordingly, beginning December 23, 1998, the date Mr. Allen first controlled Charter Holdco, the assets and liabilities of Charter Holdco are reflected in the consolidated financial statements of Charter at Mr. Allen's basis and minority interest is recorded representing that portion of the economic interests not owned by Charter. For financial reporting purposes, 50,000 of the membership units previously issued by Charter Holdco to companies controlled by Mr. Allen are considered held by Charter effective December 23, 1998, representing an economic interest of less than 1%.

Charter is a holding company whose sole asset is a controlling equity interest in Charter Holdco, an indirect owner of cable systems. Charter and Charter Holdco and its subsidiaries are collectively referred to as the Company. The consolidated financial statements of Charter include the accounts of Charter Holdco and all of its direct and indirect subsidiaries. All material intercompany transactions and balances have been eliminated.

As of December 31, 2000, the Company owns and operates cable systems serving approximately 6.4 million (unaudited) customers. The Company currently offers a full array of traditional analog cable television services and advanced bandwidth services such as digital television, interactive video programming, Internet access through television-based service, dial-up telephone modems and high speed cable modems, and video-on-demand.

Charter Communications Holding Company, LLC

Charter Holdco, a Delaware limited liability company, was formed in February 1999 as a wholly owned subsidiary of Charter Investment. Charter Investment through its wholly owned subsidiary, Charter Communications Properties Holdings, LLC (CCPH), commenced operations with the acquisition of a cable system on September 30, 1995.

Effective December 23, 1998, through a series of transactions, Mr. Allen acquired approximately 94% of Charter Investment for an aggregate purchase price of $2.2 billion, excluding $2.0 billion in debt assumed (the "Paul Allen Transaction"). In conjunction with the Paul Allen Transaction, Charter Investment acquired, for

fair value from unrelated third parties, all of the interests it did not already own in CharterComm Holdings, LLC (CharterComm Holdings) and CCA Group (comprised of CCA Holdings Corp., CCT Holdings Corp. and Charter Communications Long Beach, Inc.), all cable television operating companies, for $2.0 billion, excluding $1.8 billion in debt assumed. Charter Investment previously managed and owned minority interests in these companies. These acquisitions were accounted for using the purchase method of accounting and accordingly, results of operations of CharterComm Holdings and CCA Group are included in the financial statements from the date of acquisition. In February 1999, Charter Investment transferred all of its cable television operating subsidiaries to a wholly owned subsidiary of Charter Communications Holdings, LLC (Charter Holdings). Charter Holdings is a wholly owned subsidiary of Charter Holdco. This transfer was accounted for as a reorganization of entities under common control similar to a pooling of interests.

As a result of the change in ownership of CCPH, CharterComm Holdings and CCA Group, Charter Holdco applied push-down accounting in the preparation of its consolidated financial statements. Accordingly, on December 23, 1998, Charter Holdco increased its members' equity by $2.2 billion to reflect the amounts paid by Mr. Allen and Charter Investment. The purchase price was allocated to assets acquired and liabilities assumed based on their relative fair values, including amounts assigned to franchises of $3.6 billion.

On April 23, 1998, Mr. Allen and a company controlled by Mr. Allen, (collectively, the "Mr. Allen Companies") purchased substantially all of the outstanding partnership interests in Marcus Cable Company, L.L.C. (Marcus Cable) for $1.4 billion, excluding $1.8 billion in assumed liabilities. The owner of the remaining partnership interest retained voting control of Marcus Cable. In February 1999, Marcus Cable Holdings, LLC (Marcus Holdings) was formed, and Mr. Allen's interests in Marcus Cable were transferred to Marcus Holdings on March 15, 1999. On March 31, 1999, Mr. Allen purchased the remaining partnership interests in Marcus Cable, including voting control. On April 7, 1999, Marcus Holdings was merged into Charter Holdings and Marcus Cable was transferred to Charter Holdings. For financial reporting purposes, the merger was accounted for as an acquisition of Marcus Cable effective March 31, 1999, the date Mr. Allen obtained voting control of Marcus Cable. Accordingly, the results of operations of Marcus Cable have been included in the consolidated financial statements from April 1, 1999. The assets and liabilities of Marcus Cable have been recorded in the consolidated financial statements using historical carrying values reflected in the accounts of the Mr. Allen Companies. Total members' equity of Charter Holdco increased by $1.3 billion as a result of the Marcus Cable acquisition. Previously, on April 23, 1998, the Mr. Allen Companies recorded the assets acquired and liabilities assumed of Marcus Cable based on their relative fair values.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Cash Equivalents

The Company considers all highly liquid investments with original maturities of three months or less to be cash equivalents. These investments are carried at cost that approximates market value.

Property, Plant and Equipment

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

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

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

Franchises

Costs incurred in obtaining and renewing cable franchises are deferred and amortized over the lives of the franchises. Costs relating to unsuccessful franchise applications are charged to expense when it is determined that the efforts to obtain the franchise will not be successful. Franchise rights acquired through the purchase of cable systems represent management's estimate of fair value and are generally amortized using the straight-line method over a period of 15 years. The period of 15 years is management's best estimate of the useful lives of the franchises and assumes substantially all of those franchises that expire during the period will be renewed by the Company. Accumulated amortization related to franchises was $1.9 billion and $650.5 million, as of December 31, 2000 and 1999, respectively. Amortization expense related to franchises for the years ended December 31, 2000 and 1999, and for the period from December 24, 1998, through December 31, 1998, was $1.2 billion, $520.0 million and $5.3 million, respectively.

Other Assets

Other assets include deferred financing costs, costs capitalized related to customer acquisition and investments in equity securities. The accounting policies for each are discussed below.

Costs related to borrowings are deferred and amortized to interest expense using the effective interest method over the terms of the related borrowings. As of December 31, 2000 and 1999, other assets include $180.5 million and $120.7 million of deferred financing costs, net of accumulated amortization of $35.9 million and $10.3 million, respectively.

The Company capitalizes incremental and direct contract acquisition and origination costs associated with obtaining new customers by analogy to Statement of Financial Accounting Standards (SFAS) No. 91, Accounting for Nonrefundable Fees and Costs Associated with Originating or Acquiring Loans and Initial Costs of Leases as permitted by Staff Accounting Bulletin (SAB) No. 101, Revenue Recognition in Financial Statements. Costs capitalized are only those that are realizable from future revenues. The Company capitalizes third party incremental costs associated with obtaining new customers as well as internal salaries and benefits for personnel directly involved in customer origination and set up. Costs related to unsuccessful efforts and indirect costs are expensed as incurred. Capitalized costs are charged to expense generally over periods from one to twelve months. As of December 31, 2000 and 1999, the unamortized portion of the deferred costs was $3.0 million and $2.4 million, respectively.

Investments in equity securities are accounted for at cost, under the equity method of accounting or in accordance with SFAS No. 115, Accounting for Certain Investments in Debt and Equity Securities. Charter recognizes losses for any decline in value considered to be other than temporary. Certain marketable equity securities are classified as "available for sale" and reported at market value with unrealized gains and losses recorded as accumulated other comprehensive income (loss). Comprehensive loss for the years ended December 31, 2000 and 1999, and for the period from December 24, 1998, through December 31, 1998, was

$830.7 million, $64.8 million and $2.0, respectively. The following summarizes information as of December 31, 2000, and for the year ended December 31, 2000:

	CARRYING VALUE AT DECEMBER 31, 2000	LOSS FOR THE YEAR ENDED DECEMBER 31, 2000
Equity investments, under the cost method.....	$14,091	$(11,759)
Equity investments, under the equity method.....	49,031	(7,503)
Marketable securities, at market value.....	3,767	--
	$66,889	$(19,262)

Impairment of Assets

If facts and circumstances suggest that a long-lived asset may be impaired, the carrying value is reviewed. If a review indicates that the carrying value of such asset is not recoverable based on projected undiscounted net cash flows related to the asset over its remaining life, the carrying value of such asset is reduced to its estimated fair value.

Revenues

Revenues from basic, premium, pay-per-view, digital and data services are recognized when the related services are provided.

Installation revenues are recognized to the extent of direct selling costs incurred. The remainder, if any, is deferred and amortized to income over the estimated average period that customers are expected to remain connected to the cable system. As of December 31, 2000 and 1999, no installation revenue has been deferred, as direct selling costs have exceeded installation revenue.

Advertising sales are recognized in the period that the advertisements are exhibited.

Local governmental authorities impose franchise fees on the Company ranging up to a federally mandated maximum of 5.0% of gross revenues. Such fees are collected on a monthly basis, from the Company's customers and are periodically remitted to local franchise authorities. Franchise fees collected and paid are reported as revenues and expenses.

Other Long-term Liabilities

The Company receives upfront payments from certain programmers to launch and promote new cable television channels. Revenue is recognized to the extent of the fair value of the advertising services provided to promote the new channel. Such revenue is classified as advertising revenue and totaled $51.5 million for the year ended December 31, 2000. The remaining portion is deferred and amortized as an offset to programming expense over the respective terms of the program agreements, which range from one to 20 years. For the years ended December 31, 2000 and 1999, and for the period from December 24, 1998, through December 31, 1998, the Company amortized and recorded as a reduction of programming costs $6.9 million, $3.4 million and $12, respectively. As of December 31, 2000 and 1999, the unamortized portion of the deferred launch payments totaled $104.2 million and $13.4 million, respectively, and is included in other long-term liabilities.

Interest Rate Hedge Agreements

The Company manages fluctuations in interest rates by using interest rate hedge agreements, as required by certain debt agreements. Interest rate swaps, caps and collars are accounted for as hedges of debt obligations, and accordingly, the net settlement amounts are recorded as adjustments to interest expense in the

period incurred. Premiums paid for interest rate caps are deferred, included in other assets, and are amortized over the original term of the interest rate agreement as an adjustment to interest expense.

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

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

Income Taxes

Substantially all of the taxable income, gains, losses, deductions and credits of Charter Holdco are passed through to its members, Charter, Charter Investment, Vulcan Cable, and the former owners of an acquired company. Prior to November 12, 1999, income taxes were the responsibility of the owners of Charter Investment and Vulcan Cable and are not provided for in the accompanying consolidated financial statements. Beginning November 12, 1999, Charter is responsible for its share of taxable income (loss) of Charter Holdco allocated to Charter in accordance with partnership tax rules and regulations. The tax basis of Charter's investment in Charter Holdco is not materially different than the carrying value of the investment for financial reporting purposes as of December 31, 2000.

Charter Holdco's limited liability company agreement provides that through the end of 2003, tax losses of Charter Holdco that would otherwise have been allocated to Charter will instead be allocated to the membership units held by Vulcan Cable and Charter Investment. At the time Charter Holdco first becomes profitable (as determined under the applicable federal income tax rules), the profits that would otherwise have been allocated to Charter will instead be allocated to the membership units held by Vulcan Cable and Charter Investment until the tax benefits are fully restored. Management does not expect Charter Holdco to generate taxable income in the foreseeable future.

Segments

In accordance with SFAS No. 131, Disclosure about Segments of an Enterprise and Related Information, segments have been identified based upon management responsibility. The individual segments have been aggregated into one reportable segment, cable services.

Loss per Common Share

Basic loss per common share is computed by dividing the net loss by 225,697,775 shares, and 29,811,202 shares and 50,000 shares for 2000, 1999 and for the period from December 24, 1998, through December 31, 1998, representing the weighted-average common shares outstanding during the respective periods. For purposes of the loss per common share calculation for the period from December 24, 1998, through December 31, 1998, Mr. Allen's 50,000 shares of high vote Class B common stock are considered to be outstanding for the entire period. Diluted loss per common share equals basic loss per common share for the periods presented, as the effect of stock options is anti-dilutive because the Company generated net losses. All membership units of Charter Holdco are exchangeable on a one-for-one basis into common stock of Charter at the option of the holders. Should the holders exchange units for shares, the effect would not be dilutive.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United Sates requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements

and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

3. ACQUISITIONS:

During 2000, the Company acquired cable systems in five separate transactions for an aggregate purchase price of $1.2 billion, net of cash acquired, excluding debt assumed of $963.3 million. In connection with the acquisitions, Charter issued shares of Class A common stock valued at approximately $178.0 million, and Charter Holdco and an indirect subsidiary of Charter Holdco issued equity interests totaling $384.6 million and $629.5 million, respectively. The purchase prices were allocated to assets and liabilities assumed based on relative fair values, including amounts assigned to franchises of $3.0 billion.

During 1999, the Company acquired cable systems in 11 separate transactions for an aggregate purchase price, of $7.6 billion, net of cash acquired, excluding debt assumed of $2.5 billion. In connection with two of the acquisitions, Charter Holdco issued equity interests totaling $683.3 million. The purchase prices were allocated to assets acquired and liabilities assumed based on their relative fair values, including amounts assigned to franchises of $9.7 billion.

All of 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 their respective dates of acquisition. The allocation of the purchase price for the acquisitions acquired during 2000 are based, in part, on preliminary information, which is subject to adjustment upon obtaining complete valuation information. Management believes that finalization of the purchase prices and allocation will not have a material impact on the consolidated results of operations or financial position of the Company.

Summarized pro forma operating results of the Company as though all acquisitions and dispositions closed since January 1, 1999, the initial public offering of common stock, the issuance and sale of the January 2000 Charter Holdings Notes and the Charter Convertible Notes, and the drawdown of the Charter Holdings Senior Bridge Loan Facility (see Note 7) had occurred on January 1, 1999, with adjustments to give effect to amortization of franchises, interest expense, minority interest, and certain other adjustments, follows.

	YEAR ENDED DECEMBER 31,	
	2000	1999
	(UNAUDITED)	
Revenues	$ 3,298,974	$ 2,949,147
Loss from operations	(998,546)	(464,627)
Loss before minority interest	(2,098,357)	(1,480,458)
Net loss	(860,210)	(609,944)
Loss per common share, basic and diluted	(3.69)	(2.61)

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

4. ALLOWANCE FOR DOUBTFUL ACCOUNTS:

Activity in the allowance for doubtful accounts is summarized as follows for the years ended December 31:

	2000	1999
Balance, beginning of year	$ 11,471	$ 1,728
Acquisitions of cable systems	780	5,860
Charged to expense	46,151	20,872
Uncollected balances written off, net of recoveries	(45,981)	(16,989)
Balance, end of year	$ 12,421	$ 11,471

5. PROPERTY, PLANT AND EQUIPMENT:

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

	2000	1999
Cable distribution systems	$ 5,619,227	$3,523,217
Land, buildings and leasehold improvements	282,661	108,214
Vehicles and equipment	426,847	176,221
	6,328,735	3,807,652
Less -- Accumulated depreciation	(1,061,216)	(317,079)
	$ 5,267,519	$3,490,573

For the years ended December 31, 2000 and 1999, and for the period from December 24, 1998, through December 31, 1998, depreciation expense was $1.2 billion, $225.0 million, and $2.8 million, respectively.

During the year ended December 31, 2000, the Company reduced the estimated useful lives of certain depreciable assets expected to have reduced lives as a result of the rebuild and upgrade of the Company's cable distribution systems. As a result, an additional $508.5 million of depreciation expense was recorded during the year ended December 31, 2000.

6. ACCOUNTS PAYABLE AND ACCRUED EXPENSES:

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

	2000	1999
Accounts payable	$ 365,140	$112,233
Capital expenditures	281,142	66,713
Accrued interest	212,958	85,870
Programming costs	120,035	72,245
Accrued general and administrative	75,421	39,648
Franchise fees	53,494	46,524
Liability for pending transfer of cable system	--	88,200
Other accrued expenses	259,044	195,342
	$1,367,234	$706,775

The liability for pending transfer of cable system represents the fair value of a cable system to be transferred upon obtaining necessary regulatory approvals in connection with the transaction with InterMedia

Capital Partners IV L. P., InterMedia Partners and their affiliates. Such approvals were obtained and the system's assets were transferred in March 2000.

7. LONG-TERM DEBT:

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

	2000	1999
Charter Communications, Inc.:		
5.75% Convertible Senior Notes	$ 750,000	$ --
Charter Holdings:		
8.250% Senior Notes	600,000	600,000
8.625% Senior Notes	1,500,000	1,500,000
9.920% Senior Discount Notes	1,475,000	1,475,000
10.00% Senior Notes	675,000	--
10.25% Senior Notes	325,000	--
11.75% Senior Discount Notes	532,000	--
Senior Bridge Loan Facility	272,500	--
Renaissance:		
10.00% Senior Discount Notes	114,413	114,413
CC V Holdings, LLC (Avalon):		
9.375% Senior Subordinated Notes	--	150,000
11.875% Senior Discount Notes	179,750	196,000
CC VII Holdings, LLC (Falcon):		
8.375% Senior Debentures	--	375,000
9.285% Senior Discount Debentures	--	435,250
Credit Facilities:		
Charter Operating	4,432,000	2,906,000
CC Michigan, LLC and CC New England, LLC (Avalon)	213,000	170,000
CC VI Operating Company, LLC (Fanch)	895,000	850,000
Falcon Cable Communications, LLC	1,050,000	865,500
CC VIII Operating, LLC (Bresnan)	712,000	--
Other debt	1,971	1,400
	13,727,634	9,638,563
Unamortized net discount	(667,179)	(702,108)
	$13,060,455	$8,936,455

Charter Convertible Notes

In October and November 2000, Charter issued $750.0 million 5.75% Convertible Senior Notes maturing on October 15, 2005 (the "Charter Convertible Notes") for net proceeds of $727.5 million.

The Charter Convertible Notes are convertible at the option of the holder into shares of Class A common stock at a conversion rate of 46.3822 shares per $1,000 principal amount of notes, which is equivalent to a price of $21.56 per share, subject to certain adjustments. These notes are redeemable at the option of Charter at amounts decreasing from 102.3% to 100% of the principal amount plus accrued and unpaid interest

beginning on October 15, 2003, to the date of redemption. Interest is payable semiannually on April 15 and October 15, beginning April 15, 2001, until maturity.

The Charter Convertible Notes rank equally with any future unsubordinated and unsecured indebtedness of Charter, but are structurally subordinated to all existing and future indebtedness and other liabilities of our subsidiaries. Upon a change of control, subject to certain conditions and restrictions, Charter may be required to repurchase the notes, in whole or in part, at 100% of their principal amount plus accrued interest at the repurchase date.

Charter Holdings Notes

In January 2000, the Charter Holdings and Charter Communications Holdings Capital Corporation (Charter Holdings Capital), a wholly owned subsidiary of Charter Holdings (collectively, the "Issuers"), issued $675.0 million 10.000% Senior Notes due 2009 (the "10.000% Senior Notes"), $325.0 million 10.250% Senior Notes due 2010 (the "10.25% Senior Notes"), and $532.0 million 11.75% Senior Discount Notes due 2010 (the "11.75% Senior Discount Notes"), collectively referred to as the "January 2000 Charter Holdings Notes". The net proceeds were $1.25 billion, after giving effect to discounts, commissions and expenses.

The 10.00% Senior Notes are not redeemable prior to maturity. Interest is payable semiannually on April 1 and October 1, beginning April 1, 2000 until maturity.

The 10.25% Senior Notes are redeemable at the option of the Issuers at amounts decreasing from 105.125% to 100% of par value plus accrued and unpaid interest, beginning on January 15, 2005, to the date of redemption. At any time prior to January 15, 2003, the Company may redeem up to 35% of the aggregate principal amount of the 10.25% Senior Notes at a redemption price of 110.25% of the principal amount under certain conditions. Interest is payable semiannually in arrears on January 15 and July 15, beginning on July 15, 2000, until maturity.

The 11.75% Senior Discount Notes are redeemable at the option of the Issuers at amounts decreasing from 105.875% to 100% of accreted value beginning January 15, 2005. At any time prior to January 15, 2003, the Company may redeem up to 35% of the aggregate principal amount of the 11.75% Senior Notes at a redemption price of 111.75% of the accreted value under certain conditions. Interest is payable semiannually in arrears on January 15 and July 15, beginning on July 15, 2005, until maturity. The discount on the 11.75% Senior Discount Notes is being accreted using the effective interest method. The unamortized discount was $196.5 million at December 31, 2000.

In March 1999, Issuers issued $600.0 million 8.250% Senior Notes due 2007 (the "8.250% Senior Notes"), $1.5 billion 8.625% Senior Notes due 2009 (the "8.625% Senior Notes"), and $1,475.0 million 9.920% Senior Discount Notes due 2011 (the "9.920% Senior Discount Notes"), collectively referred to as the "Charter Holdings Notes". The net proceeds were $2.9 billion, after giving effect to discounts, commissions and expenses.

The 8.250% Senior Notes are not redeemable prior to maturity. Interest is payable semiannually in arrears on April 1 and October 1, beginning October 1, 1999, until maturity.

The 8.625% Senior Notes are redeemable at the option of the Issuers at amounts decreasing from 104.313% to 100% of par value plus accrued and unpaid interest beginning on April 1, 2004, to the date of redemption. At any time prior to April 1, 2002, the Company may redeem up to 35% of the aggregate principal amount of the 8.625% Senior Notes at a redemption price of 108.625% of the principal amount under certain conditions. Interest is payable semiannually in arrears on April 1 and October 1, beginning October 1, 1999, until maturity.

The 9.920% Senior Discount Notes are redeemable at the option of the Issuers at amounts decreasing from 104.960% to 100% of accreted value beginning April 1, 2004. At any time prior to April 1, 2002, the

Issuers may redeem up to 35% of the aggregate principal amount of the 9.920% Senior Discount Notes at a redemption price of 109.920% of the accreted value under certain conditions. Thereafter, cash interest is payable semiannually in arrears on April 1 and October 1 beginning April 1, 2004, until maturity. The discount on the 9.920% Senior Discount Notes is being accreted using the effective interest method. The unamortized discount was $397.8 million at December 31, 2000, and $497.2 million at December 31, 1999.

The Charter Holdings Notes and the January 2000 Charter Holdings Notes rank equally with current and future unsecured and unsubordinated indebtedness (including accounts payables of the Company). The Issuers are required to make an offer to repurchase all of the Charter Holdings Notes, at a price equal to 101% of the aggregate principal or 101% of the accreted value, together with accrued and unpaid interest, upon a change of control of the Company.

Charter Holdings Senior Bridge Loan Facility

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

On August 14, 2000, Charter Holdings borrowed $1.0 billion under the senior bridge loan facility and used substantially all of the proceeds to repay a portion of the amounts outstanding under the Charter Operating and the Falcon revolving credit facilities. The bridge loan initially bore interest at an annual rate of 10.21%.

The net proceeds from the sale of the Charter Convertible Notes were contributed as equity to Charter Holdings. Charter Holdings used substantially all of the net proceeds to repay a portion of the amounts outstanding under the Charter Holdings senior bridge loan facility. In January 2001, the bridge loan was repaid (see Note 21).

Renaissance Notes

In connection with the acquisition of Renaissance Media Group LLC (Renaissance) in 1999, the Company assumed $163.2 million principal amount at maturity of senior discount notes due April 2008 (the "Renaissance Notes"). As a result of the change in control of Renaissance, the Company was required to make an offer to repurchase the Renaissance Notes at 101% of their accreted value. In May 1999, the Company made an offer to repurchase the Renaissance Notes pursuant to this requirement, and the holders of the Renaissance Notes tendered an amount representing 30% of the total outstanding principal amount at maturity for repurchase. These notes were repurchased using a portion of the proceeds from the Charter Holdings Notes.

As of December 31, 2000 and 1999, $114.4 million aggregate principal amount at maturity of Renaissance Notes with an accreted value of $94.6 million and $83.0 million, respectively, was outstanding. Interest on the Renaissance Notes shall be paid semiannually at a rate of 10% per annum beginning on October 15, 2003.

The Renaissance Notes are redeemable at the option of the Company, in whole or in part, at any time on or after April 15, 2003, initially at 105% of their principal amount at maturity, plus accrued and unpaid interest, declining to 100% of the principal amount at maturity, plus accrued and unpaid interest, on or after April 15, 2006. In addition, at any time prior to April 15, 2001, the Company may redeem up to 35% of the original principal amount at maturity with the proceeds of one or more sales of membership units at 110% of their accreted value, plus accrued and unpaid interest on the redemption date, provided that after any such redemption, at least $106 million aggregate principal amount at maturity remains outstanding.

Avalon Notes

The Company acquired CC V Holdings, LLC (Avalon) (formerly known as Avalon Cable LLC) in November 1999 and assumed Avalon's 11.875% Senior Discount Notes due 2008 (the "Avalon 11.875% Notes") and 9.375% Subordinated Notes due 2008 (the "Avalon 9.375% Notes"). After December 1, 2003, cash interest on the Avalon 11.875% Notes will be payable semiannually on June 1 and December 1 of each year, commencing June 1, 2004.

In January 2000, the Company, through change of control offers and purchases in the open market, completed the repurchase of the Avalon 9.375% Notes with a total outstanding principal amount of $150.0 million for a total of $153.7 million. Also in January 2000, the Company repurchased a portion of the Avalon 11.875% Notes with a total outstanding principal amount of $16.3 million for a total of $10.5 million. The repurchase of the Avalon 9.375% Notes and the Avalon 11.875% Notes was funded by a portion of the cash proceeds from the issuance of the January 2000 Charter Holdings Notes. The unamortized discount related to the Avalon 11.875% Notes was $48.1 million as of December 31, 2000, and $66.8 million as of December 31, 1999.

Falcon Debentures

The Company acquired CC VII Holdings, LLC (Falcon) (formerly known as Falcon Communications, L.P.) in November 1999 and assumed Falcon's 8.375% Senior Debentures Due 2010 (the "Falcon 8.375% Debentures") and 9.285% Senior Discount Debentures Due 2010 (the "Falcon 9.285% Debentures"), collectively referred to as the "Falcon Debentures".

In February 2000, the Company, through change of control offers and purchases in the open market, completed the repurchase of the Falcon 8.375% Debentures with a total outstanding principal amount of $375.0 million for a total of $388.0 million. Also, in February 2000, the Company, through change of control offers and purchases in the open market, repurchased the Falcon 9.285% Debentures with an aggregate principal amount of $435.3 million for a total of $328.1 million. The repurchase of all the Falcon Debentures was funded by a portion of the proceeds from the January 2000 Charter Holdings Notes.

Charter Operating Credit Facilities

As of December 31, 2000, the Charter Operating Credit Facilities provide for two term facilities, one with a principal amount of $1.0 billion that matures in 2007 (Term A), and the other with the principal amount of $2.45 billion that matures in 2008 (Term B). The Charter Operating Credit Facilities also provide for a $1.25 billion revolving credit facility with a maturity date of September 2007 and at the options of the lenders, supplemental credit facilities, in the amount of $400.0 million available until March 18, 2002. Amounts under the Charter Operating Credit Facilities bear interest at the Base Rate or the Eurodollar rate, as defined, plus a margin of up to 2.75% (8.39% to 9.27% as of December 31, 2000 and 8.22% to 8.97% as of December 31,1999). A quarterly commitment fee of between 0.25% and 0.375% per annum is payable on the unborrowed balance of Term A and the revolving credit facility. As of December 31, 2000, the unused availability on the Charter Operating Credit Facilities was $268.0 million.

Avalon Credit Facilities

In connection with the Avalon acquisition, the Company entered into a new credit agreement (the "Avalon Credit Facilities"). The Avalon Credit Facilities have maximum borrowings of $300.0 million, consisting of a revolving facility in the amount of $175.0 million that matures May 15, 2008, and a Term B loan in the amount of $125.0 million that matures on November 15, 2008. The Avalon Credit Facilities also provide for, at the options of the lenders, supplemental credit facilities in the amounts of $75 million available until December 31, 2003. Amounts under the Avalon Credit Facilities bear interest at the Base Rate or the

Eurodollar rate, as defined, plus a margin up to 2.75% (8.19% to 9.5% as of December 31, 2000 and 7.995% to 8.870% as of December 31, 1999). A quarterly commitment fee of between 0.250% and 0.375% per annum is payable on the unborrowed balance.

On January 2, 2001, Charter Holdings contributed all of its equity interests in CC VIII Holdings, LLC to CC V Holdings, combining the cable systems acquired in the Avalon and Bresnan acquisitions. In connection with this combination, all amounts due under the Avalon credit facilities were repaid and the credit facilities were terminated.

Fanch Credit Facilities

In connection with the acquisition of cable systems of Fanch Cablevision L.P. and affiliates (Fanch), the Company entered into a new credit agreement (the "Fanch Credit Facilities"). The Fanch Credit Facilities provide for two term facilities, one with a principal amount of $450.0 million that matures May 2008 (Term A), and the other with the principal amount of $400.0 million that matures November 2008 (Term B). The Fanch Credit Facilities also provide for a $350.0 million revolving credit facility with a maturity date of May 2008 and at the options of the lenders, supplemental credit facilities, in the amount of $300.0 million available until December 31, 2004. Amounts under the Fanch Credit Facilities bear interest at the Base Rate or the Eurodollar rate, as defined, plus a margin of up to 3.00% (8.15% to 9.55% as of December 31, 2000 and 8.12% to 8.87% as of December 31, 1999). A quarterly commitment fee of between 0.250% and 0.375% per annum is payable on the unborrowed balance. As of December 31, 2000, unused availability was $305.0 million. However, debt covenants limit the additional amounts that can be borrowed to $153.5 million at December 31, 2000.

Falcon Credit Facilities

In connection with the Falcon acquisition, the existing Falcon credit agreement (the "Falcon Credit Facilities") was amended to provide for two term facilities, one with a principal amount of $196.0 million that matures June 2007 (Term B), and the other with a principal amount of $294.0 million that matures December 2007 (Term C). The Falcon Credit Facilities also provide for a $646.0 million revolving credit facility with a maturity date of December 2006 and at the option of the lenders, supplemental credit facilities in the amounts of $700.0 million with a maturity date of December 2007. Amounts under the Falcon Credit Facilities bear interest at the Base Rate or the Eurodollar rate, as defined, plus a margin of up to 2.5% (8.14% to 9.50% as of December 31, 2000 and 7.57% to 8.73% as of December 31, 1999). A quarterly commitment fee of between 0.25% and 0.375% per annum is payable on the unborrowed balance. As of December 31, 2000, unused availability was $196.1 million.

Bresnan Credit Facilities

In connection with the Bresnan acquisition, the existing Bresnan credit agreement (the "Bresnan Credit Facilities") was amended and restated to provide for borrowings of up to $900.0 million, consisting of three term facilities, one with a principal amount of $403.0 million that matures June 30, 2007 (Term A), and one with a principal amount of $297.0 million that matures February 2, 2008 (Term B). The Bresnan Credit Facilities also provide for a $200.0 million revolving credit facility that may not have a maturity date earlier than six calendar months after the maturity date of the Term B loan facility. Amounts under the Bresnan Credit Facilities bear interest at the Base Rate or Eurodollar rate, as defined, plus a margin of up to 2.5% (8.44% to 9.30% as of December 31, 2000). A quarterly commitment fee of between 0.25% and 0.375% per annum is payable on the unborrowed balance. As of December 31, 2000, unused availability was $188.0 million.

On January 2, 2001, Charter Holdings contributed all of its equity interests in CC VIII Holdings, LLC to CC V Holdings, combining the cable systems acquired in the Avalon and Bresnan acquisitions. The Bresnan

credit facilities were amended and restated to, among other things, increase borrowing availability by $550.0 million.

The indentures governing the debt agreements require issuers of the debt and/or its subsidiaries to comply with various financial and other covenants, including the maintenance of certain operating and financial ratios. These debt instruments also contain substantial limitations on, or prohibitions of distributions, additional indebtedness, liens, asset sales and certain other items. As a result of limitations and prohibitions of distributions, substantially all of the net assets of the consolidated subsidiaries are restricted for distribution to Charter Holdings, Charter Holdco and Charter.

Based upon outstanding indebtedness at December 31, 2000, the amortization of term loans, scheduled reductions in available borrowings of the revolving credit facilities, and the maturity dates for all senior and subordinated notes and debentures, aggregate future principal payments on the total borrowings under all debt agreements at December 31, 2000, are as follows:

YEAR	AMOUNT
2001	$ --
2002	130,140
2003	353,417
2004	418,872
2005	1,340,332
Thereafter	11,484,873
	$13,727,634

8. FAIR VALUE OF FINANCIAL INSTRUMENTS:

A summary of debt and the related interest rate hedge agreements as of December 31 follows:

	2000		1999	
	CARRYING VALUE	FAIR VALUE	CARRYING VALUE	FAIR VALUE
DEBT				
Charter Convertible Notes	$ 750,000	$ 876,563	$ --	$ --
Charter Holdings Debt	4,780,212	4,425,631	3,072,151	2,834,313
Credit Facilities	7,302,000	7,302,000	4,791,500	4,791,500
Other	228,243	194,729	1,072,804	1,065,850

	2000			1999		
	CARRYING VALUE	NOTIONAL AMOUNT	FAIR VALUE	CARRYING VALUE	NOTIONAL AMOUNT	FAIR VALUE
INTEREST RATE HEDGE AGREEMENTS						
Swaps	$(1,306)	$1,942,713	$ 5,236	$(6,827)	$4,542,713	$(47,220)
Caps	--	15,000	--	--	15,000	16
Collars	--	520,000	10,807	1,361	240,000	(199)

As the long-term debt under the credit agreements bears interest at current market rates, their carrying amount approximates market value at December 31, 2000 and 1999. The fair values of the notes and the debentures are based on quoted market prices.

The weighted average interest pay rate for the Company's interest rate swap agreements was 7.61% and 8.06% at December 31, 2000 and 1999, respectively. The weighted average interest rate for the Company's

interest rate cap agreements was 9.0% at December 31, 2000 and 1999. The Company's interest rate collar agreements are structured so that if LIBOR falls below 5.3%, the Company pays 6.7%. If the LIBOR rate is between 5.3% and 8.0%, the Company pays LIBOR. The LIBOR rate is capped at 8.0% if LIBOR falls between 8.0% and 9.9%. If rates rise above 9.9%, the cap is removed.

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

The fair value of interest rate hedge agreements generally reflects the estimated amounts that the Company would (receive) or pay (excluding accrued interest) to terminate the contracts on the reporting date, thereby taking into account the current unrealized gains or losses of open contracts. Dealer quotations are available for the Company's interest rate hedge agreements.

Management believes that the sellers of the interest rate hedge agreements will be able to meet their obligations under the agreements. In addition, some of the interest rate hedge agreements are with certain of the participating banks under the Company's credit facilities, thereby reducing the exposure to credit loss. The Company has policies regarding the financial stability and credit standing of major counterparties. Nonperformance by the counterparties is not anticipated nor would it have a material adverse effect on the Company's consolidated financial position or results of operations.

9. SHAREHOLDERS' EQUITY:

At December 31, 2000 and 1999, 1.75 billion and 1.5 billion shares, respectively, of $.001 par value Class A common stock, 750 million shares of $.001 par value Class B common stock, and 250 million shares of $.001 par value preferred stock are authorized. At December 31, 2000, 233.8 million shares of Class A common stock, 50,000 of Class B common stock and zero shares of preferred stock, were issued and outstanding. At December 31, 1999, 221.7 million of Class A common stock, 50,000 shares of Class B common stock and zero shares of preferred stock, were issued and outstanding. The Class A common stock includes 0.3 million shares and 26.8 million shares classified as redeemable securities at December 31, 2000 and 1999, respectively (see Note 16).

10. INCOME TAXES:

Certain indirect subsidiaries of Charter Holdings are corporations and file separate federal and state income tax returns. Results of operations from these subsidiaries are not material to the consolidated results of operations of the Company. Income tax expense for the year ended December 31, 1999, represents taxes assessed by certain state jurisdictions. Deferred income tax assets and liabilities are not material.

Charter files separate federal and state income tax returns and is responsible for its share of taxable income (loss) of Charter Holdco as determined by partnership tax rules and regulations and Charter Holdco's limited liability company agreement (see Note 2). Management does not expect Charter to pay any income taxes in the foreseeable future. Any net deferred income tax assets are offset entirely by a valuation allowance because of current and expected future losses.

11. REVENUES:

Revenues consist of the following for the years and period ended:

	YEAR ENDED DECEMBER 31,		PERIOD FROM DECEMBER 24, 1998, THROUGH DECEMBER 31,
	2000	1999	1998
Basic	$2,249,339	$1,002,954	$ 9,347
Premium	226,598	124,788	1,415
Pay-per-view	28,590	27,537	260
Digital	91,115	8,299	10
Advertising sales	220,205	71,997	493
Data services	63,330	10,107	55
Other	370,045	182,562	2,133
	$3,249,222	$1,428,244	$13,713

12. OPERATING, GENERAL AND ADMINISTRATIVE EXPENSES:

Operating, general and administrative expenses consist of the following for the years and period ended:

	YEAR ENDED DECEMBER 31,		PERIOD FROM DECEMBER 24, 1998, THROUGH DECEMBER 31,
	2000	1999	1998
Programming	$ 736,043	$330,754	$3,137
General and administrative	543,865	237,480	2,377
Service	192,603	99,486	847
Marketing	63,789	23,447	225
Advertising sales	56,499	31,281	344
Other	58,554	15,509	204
	$1,651,353	$737,957	$7,134

13. RELATED PARTY TRANSACTIONS:

Charter Investment provides management services to the Company including centralized customer billing services, data processing and related support, benefits administration and coordination of insurance coverage and self-insurance programs for medical, dental and workers' compensation claims. Certain costs for services are billed and charged directly to the Company's operating subsidiaries and are included in operating costs. These billings are allocated based on the number of basic customers. Such costs totaled $50.8 million, $18.8 million and $128 for the years ended December 31, 2000 and 1999, and for the period from December 24, 1998, through December 31, 1998, respectively. All other costs incurred by Charter Investment on behalf of the Company are recorded as expenses in the accompanying consolidated financial statements and are included in corporate expense charge -- related party. Management believes that costs incurred by Charter Investment on the Company's behalf and included in the accompanying financial statements are not materially different than costs the Company would have incurred as a stand-alone entity.

The Company is charged a management fee as stipulated in the management agreement between Charter Investment and Charter. To the extent management fees charged to the Company are greater (less) than the corporate expenses incurred by Charter Investment, the Company records distributions to (capital contribu-

tions from) Charter Investment. For the year ended December 31, 1999, the Company recorded distributions of $10.9 million, a portion of which have been allocated to minority interest. For the year ended December 31, 2000, and for the period from December 24, 1998, through December 31, 1998, the management fee charged to the Company approximated the corporate expenses incurred by Charter Investment on behalf of the Company. The credit facilities and indebtedness prohibit payments of management fees in excess of 3.5% of revenues until repayment of such indebtedness. Any amount in excess of 3.5% of revenues owed to Charter Investment based on the management agreement is recorded as deferred management fees -- related party.

In December 2000, Charter Communications Ventures, LLC (Charter Ventures), a subsidiary of Charter Holdings, and Vulcan Ventures, Inc. (Vulcan), an affiliate of Mr. Allen, invested $37.0 million and $38.0 million, respectively, in High Speed Access Corp. (HSA) which provides high speed Internet access to certain of the Company's cable customers. The investments took the form of convertible preferred stock, that may be converted into HSA common stock. In addition, Charter and Vulcan own equity interests or warrants to purchase equity interests in HSA. As of December 31, 2000, Charter earned 1,932,931 warrants under certain agreements. Additional warrants may be earned by Charter based upon the number of homes passed. Under the terms of a network services agreement, Charter splits revenue with HSA based on set percentages of gross revenues in each category of service. Certain officers and directors of Charter serve as directors of HSA. For the years ended December 31, 2000 and 1999, revenues earned from HSA were $7.8 million and $461, respectively. Charter paid HSA $3.6 million, and $0.7 million, for the years ended December 31, 2000 and 1999, respectively, relating to monthly subscriber fees and equipment purchases. Charter Venture's investment is accounted for under the equity method, with a carrying value of $36.0 million as of December 31, 2000.

Charter Ventures is a party to a joint venture with General Instrument Corporation (doing business as Broadband Communications Sector of Motorola, Inc), Replay TV Inc. and Interval Research Corporation, an entity controlled by Mr. Allen, to develop and integrate digital video recording capabilities in advanced digital set-top boxes. The joint venture will focus on creating a set-top based digital recording platform that will be designed for storing video, audio and Internet content. In connection with the formation of the joint venture, Charter Ventures contributed $3.2 million in October 2000. Charter received management fees of $9.0 million for the year ended December 31, 2000.

ZDTV, L.L.C. (operating as techtv) operates a cable television channel, which broadcasts shows about technology and the Internet. Vulcan and its affiliates own a 97% interest in techtv, and certain directors and officers of Charter serve as directors or officers of techtv. Through December 31, 2000, techtv has agreed to provide Charter no cost programming for broadcast over Charter systems. Effective January 1, 2001, Charter will pay a monthly per customer fee to techtv for cable systems that distribute techtv on a level of service received by fewer than 80% of the total system's customers. In addition, Mr. Allen is the 100% owner of the Portland Trailblazers, a National Basketball Association Team, and Trail Blazers, Inc. Expenses in connection with the cable broadcast of Portland Trail Blazers Basketball games were $993 and $727 for the years ended December 31, 2000 and 1999, respectively.

Mr. Allen and certain affiliates of Mr. Allen own equity in and are directors of USA Networks, Inc. (USA Networks). USA Networks operates USA Network and the Sci-Fi Channel, which are cable television networks. USA Networks also operates Home Shopping Network, which is a retail sales program available via cable television systems. The Company pays USA Networks a monthly fee for programming services based on the number of subscribers. For the years ended December 31, 2000 and 1999, the Company paid USA Networks approximately $25.0 million and $16.7 million, respectively. In addition, the Company receives commissions from USA Networks for home shopping sales generated by its customers and for promotion of the Home Shopping Network. Such revenues for the years ended December 31, 2000 and 1999, were $26.5 million, and $1.8 million, respectively.

Charter, Mr. Allen and certain affiliates of Mr. Allen also own equity interests or warrants to purchase equity interests in various entities that provide services, programming or equipment to the Company, including WorldGate Communications, Inc. (WorldGate), Wink Communications, Inc. (Wink), Oxygen Media Inc. (Oxygen Media), Digeo Broadband, Inc., RCN Corporation, TV Gateway LLC, Vulcan and Interval Research Company. In addition, certain officers or directors of the Company also serve as directors of Oxygen Media, RCN Corporation and InfoSpace, Inc. The Company and its affiliates do not hold controlling interests in any of these companies. The Company has paid less than 1% of operating costs for the year ended December 31, 2000 and 1999, and for the period from December 24, 1998, through December 31, 1998, for these services and equipment purchases. In addition, the Company receives revenues from Worldgate related to TV-based Internet access. Such revenues for the years ended December 31, 2000 and 1999, and for the period from December 24, 1998, through December 31, 1998, were less than 1% of total revenues.

14. MINORITY INTEREST AND EQUITY INTERESTS OF CHARTER HOLDCO:

Minority interest represents total members' equity of Charter Holdco multiplied by 59.2% as of December 31, 2000, and 59.4% as of December 31, 1999, the ownership percentages of Charter Holdco not owned by Charter, plus preferred equity in an indirect subsidiary of Charter held by certain Bresnan sellers, less a portion of redeemable securities. Members' equity of Charter Holdco was $7.7 billion as of December 31, 2000, and $9.1 billion as of December 31, 1999. Gains (losses) arising from issuances by Charter Holdco of its membership units are recorded as capital transactions thereby increasing (decreasing) shareholders' equity and (decreasing) increasing minority interest on the consolidated balance sheets.

Changes to minority interest consist of the following:

	MINORITY INTEREST
Balance, December 31, 1998	$ 2,146,549
Distributions to Charter Investment	(8,698)
Transfer of Marcus Holdings' operating subsidiaries to Charter Holdco	1,252,370
Transfer of Rifkin equity interests to Charter Holdco	180,710
Equity of a subsidiary issued to Falcon and Rifkin sellers	683,312
Equity of a subsidiary issued to Vulcan Cable for cash	1,894,290
Exchange of Charter Holdco units for Charter common stock	(638,561)
Equity classified as redeemable securities	(50,151)
Minority interest in loss of a subsidiary	(572,607)
Option compensation expense	75,486
Gain on issuance of equity by Charter Holdco	413,848
Other	4,783
Balance, December 31, 1999	5,381,331
Equity of subsidiaries issued to Bresnan sellers	1,014,110
Equity of subsidiaries classified as redeemable securities	(1,095,239)
Minority interest in loss of a subsidiary	(1,226,295)
Option compensation expense	24,573
Loss on issuance of equity by Charter Holdco	(55,534)
Redeemable securities reclassified as minority interest	49,316
Other	(2,933)
Balance, December 31, 2000	$ 4,089,329

The preferred equity interests in Charter Holdco held by the Rifkin sellers were exchangeable into Class A common stock of Charter at the option of the Rifkin sellers only at the time of the initial public offering. In November 1999, preferred equity interests of $130.3 million were exchanged into common stock of Charter. The membership units of Charter Holdco held by the Falcon sellers were exchangeable into Class A common stock of Charter. The units are also puttable to Mr. Allen for cash. In November 1999, membership units of $43.4 million were put to Mr. Allen and $506.6 million were exchanged into the Class A common stock of Charter. For a two-year period from acquisition date, equity held by the Rifkin and Falcon sellers may be put to Mr. Allen for cash.

Pursuant to a membership interests purchase agreement, as amended, Vulcan Cable contributed $500.0 million in cash on August 10, 1999, to Charter Holdco, contributed an additional $180.7 million in certain equity interests acquired in connection with the acquisition of Rifkin in September 1999, to Charter Holdco, and contributed $644.3 million in September 1999 to Charter Holdco. All funds and equity interests were contributed to Charter Holdings. Concurrently with closing of the initial public offering, Vulcan Cable contributed $750 million in cash to Charter Holdco.

In February 2000, Charter Holdco and Charter Holdings completed the acquisition of Bresnan. The Bresnan sellers obtained equity interests in Charter Holdco and preferred equity interest in a subsidiary of Charter Holdings. The holders of the preferred equity interests are entitled to a 2% annual return. All of the membership units received by the sellers are exchangeable on a one-for-one basis into shares of Class A common stock of Charter. Equity held by the Bresnan sellers may be put to Mr. Allen for cash during a 60-day period commencing on February 14, 2002.

15. OPTION PLAN:

In accordance with an employment agreement between Charter Investment and the President and Chief Executive Officer of Charter and a related option agreement with the President and Chief Executive Officer, an option to purchase 7,044,127 Charter Holdco membership interests, was issued to the President and Chief Executive Officer. The option vests over a four-year period from the date of grant and expires ten years from the date of grant.

In February 1999, Charter Holdings adopted an option plan providing for the grant of options. The plan was assumed by Charter Holdco. The option plan provides for grants of options to employees, officers and directors of Charter Holdco and its affiliates and consultants who provide services to Charter Holdco. Options granted vest over five years from the grant date, commencing 15 months after the date of grant. Options not exercised accumulate and are exercisable, in whole or in part, in any subsequent period, but not later than ten years from the date of grant.

Membership units received upon exercise of the options are automatically exchanged into Class A common stock of Charter on a one-for-one basis.

A summary of the activity for the Company's option plan for the years ended December 31, 2000 and 1999, and for the period from December 24, 1998, through December 31, 1998, is as follows:

	2000		1999		1998	
	SHARES	WEIGHTED AVERAGE EXERCISE PRICE	SHARES	WEIGHTED AVERAGE EXERCISE PRICE	SHARES	WEIGHTED AVERAGE EXERCISE PRICE
Options outstanding, beginning of period	20,757,608	$19.79	7,044,127	$20.00	--	$ --
Granted						
Pre IPO Grants	--	--	9,584,681	20.04	7,044,127	20.00
Post IPO Grants	10,247,200	18.06	4,741,400	19.00	--	--
Exercised	(16,514)	20.00	--	--	--	--
Cancelled	(2,505,937)	18.98	(612,600)	19.95	--	--
Options outstanding, end of period	28,482,357	$19.24	20,757,608	$19.79	7,044,127	$20.00
Weighted Average Remaining Contractual Life	8.6 years		9.2 years		10.0 years	
Options Exercisable, end of period	7,026,346	$19.98	2,091,032	$19.90	1,761,032	$20.00
Weighted average fair value of options granted	$ 12.34		$ 12.59		$ 12.50	

The Company uses the intrinsic value method prescribed by Accounting Principles Board Opinion No. 25, Accounting for Stock Issued to Employees, to account for the option plans. Option compensation expense of $41.0 million, $80.0 million, and $845 for the years ended December 31, 2000 and 1999, and for the period from December 24, 1998, through December 31, 1998, respectively, was recorded in the consolidated financial statements since the exercise prices were less than the estimated fair values of the underlying membership interests on the date of grant. Estimated fair values were determined by the Company using the valuation inherent in the Paul Allen Transaction and valuations of public companies in the cable television industry adjusted for factors specific to the Company. Compensation expense is being recorded over the vesting period of each grant that varies from four to five years. As of December 31, 2000, deferred compensation remaining to be recognized in future periods totaled $31.6 million. No stock option compensation expense was recorded for the options granted after November 8, 1999 (Post IPO), since the exercise price was equal to the estimated fair value of the underlying membership interests on the date of grant. Since the membership units are exchangeable into Class A common stock of Charter on a one-for-one basis, the estimated fair value was equal to the quoted market values of Class A common stock.

SFAS 123, Accounting for Stock-Based Compensation, requires pro forma disclosure of the impact on earnings as if the compensation costs for these plans had been determined consistent with the fair value methodology of this statement. The Company's net loss would have been increased to the following pro forma amounts under SFAS 123 for the years and period ended:

	YEAR ENDED DECEMBER 31,		PERIOD FROM DECEMBER 24, THROUGH DECEMBER 31,
	2000	1999	1998
Net loss:			
As reported	$(828,650)	$(66,229)	$ (2)
Pro forma	(883,096)	(68,923)	(2)
Loss per common share, basic and diluted:			
As reported	(3.67)	(2.22)	(0.04)
Pro forma	(3.91)	(2.31)	(0.04)

The fair value of each option granted is estimated on the date of grant using the Black-Scholes option-pricing model. The following weighted average assumptions were used for grants during the years ended December 31, 2000 and 1999, and the period from December 24, 1998, through December 31, 1998, respectively: risk-free interest rates of 6.5%, 5.5%, and 4.8%; expected volatility of 46.9%, 43.8% and 43.7%; and expected lives of 10 years. The valuations assume no dividends are paid.

16. COMMITMENTS AND CONTINGENCIES:

Leases

The Company leases certain facilities and equipment under noncancellable operating leases. Leases and rental costs charged to expense for the years ended December 31, 2000 and 1999, and for the period from December 24, 1998, through December 31, 1998, were $14.2 million, $11.2 million and $70, respectively. As of December 31, 2000, future minimum lease payments are as follows:

YEAR	AMOUNT
2001	$11,077
2002	7,557
2003	5,242
2004	4,101
2005	3,173
Thereafter	10,364

The Company also rents utility poles in its operations. Generally, pole rentals are cancelable on short notice, but the Company anticipates that such rentals will recur. Rent expense incurred for pole rental attachments for the years ended December 31, 2000 and 1999, and for the period from December 24, 1998, through December 31, 1998, was $31.6 million, $14.3 million and $137, respectively.

Litigation

The Company is a party to lawsuits and claims that arose in the ordinary course of conducting its business. In the opinion of management, after consulting with legal counsel, and taking into account recorded liabilities, the outcome of these lawsuits and claims will not have a material adverse effect on the Company's consolidated financial position or results of operations.

Redeemable Securities

In connection with the acquisitions of Rifkin, Falcon, and Bresnan, sellers who acquired Charter Holdco membership units or, in the case of Bresnan, additional equity interests in a subsidiary of Charter Holdings, and the Helicon sellers who acquired shares of Class A common stock in Charter's initial public offering may have rescission rights against Charter and Charter Holdco arising out of possible violations of Section 5 of the Securities Act of 1933, as amended, in connection with the offers and sales of these equity interests. Accordingly, the maximum potential cash obligation related to the rescission rights, estimated at $1.1 billion as of December 31, 2000 (see Note 21), has been excluded from shareholders' equity or minority interest and classified as "redeemable securities" on the consolidated balance sheet. One year after the dates of issuance of these equity interests (when these possible rescission rights will have expired), the Company will reclassify the respective amounts to shareholders' equity or minority interest, as applicable. Certain of these rescission rights expired during the year ended December 31, 2000, and were reclassified to minority interest and equity, as applicable.

Regulation in the Cable Industry

The cable television industry is subject to extensive regulation at the federal, local and, in some instances, state levels. The Cable Communications Policy Act of 1984 (the "1984 Cable Act"), the Cable Television Consumer Protection and Competition Act of 1992 (the "1992 Cable Act" and together with the 1984 Cable Act, the "Cable Acts"), and the Telecommunications Act of 1996 (the "1996 Telecom Act"), establish a national policy to guide the development and regulation of cable television systems. The Federal Communications Commission (FCC) has principal responsibility for implementing the policies of the Cable Acts. Many aspects of such regulation are currently the subject of judicial proceedings and administrative or legislative proposals. Legislation and regulations continue to change, and the Company cannot predict the impact of future developments on the cable television industry.

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

The 1992 Cable Act permits certified local franchising authorities to order refunds of basic service tier rates paid in the previous twelve-month period determined to be in excess of the maximum permitted rates. During 2000 and 1999, the amounts refunded by the Company have been insignificant. The Company may be required to refund additional amounts in the future.

The Company believes that it has complied in all material respects with the provisions of the 1992 Cable Act, including the rate setting provisions promulgated by the FCC. However, in jurisdictions that have chosen not to certify, refunds covering the previous twelve-month period may be ordered upon certification if the Company is unable to justify its basic rates. As of December 31, 2000, approximately 17% of the Company's local franchising authorities are certified to regulate basic tier rates. The Company is unable to estimate at this time the amount of refunds, if any, that may be payable by the Company in the event certain of its rates are successfully challenged by franchising authorities or found to be unreasonable by the FCC. The Company does not believe that the amount of any such refunds would have a material adverse effect on the consolidated financial position or results of operations of the Company.

The 1996 Telecom Act, among other things, immediately deregulated the rates for certain small cable operators and in certain limited circumstances rates on the basic service tier, and as of March 31, 1999, deregulated rates on the cable programming service tier (CPST). The FCC has taken the position that it will still adjudicate pending CPST complaints but will strictly limit its review, and possible refund orders, to the time period predating the sunset date, March 31, 1999. The Company does not believe any adjudications

regarding their pre-sunset complaints will have a material adverse effect on the Company's consolidated financial position or results of operations.

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

17. EMPLOYEE BENEFIT PLANS:

The Company's employees may participate in 401(k) plans (the "401(k) Plans"). Employees that qualify for participation can contribute up to 15% of their salary, on a pre-tax basis, subject to a maximum contribution limit as determined by the Internal Revenue Service. The Company matches 50% of the first 5% of participant contributions. The Company made contributions to the 401(k) Plans totaling $6.1 million, $2.9 million and $20 for the years ended December 31, 2000 and 1999, and for the period from December 24, 1998, through December 31, 1998, respectively.

18. RECENTLY ISSUED ACCOUNTING STANDARDS:

SFAS No. 133, Accounting for Derivative Instruments and Hedging Activities, as amended by SFAS 137, Accounting for Derivative Instruments and Hedging Activities -- Deferral of the Effective Date of FASB Statement No. 133, and SFAS 138, Accounting for Certain Derivative Instruments and Certain Hedging Activities, is effective for the Company as of January 1, 2001. SFAS No. 133 establishes accounting and reporting standards requiring that every derivative instrument (including certain derivative instruments embedded in other contracts) be recorded in the balance sheet as either an asset or liability measured at its fair value and that changes in the derivative's fair value be recognized currently in earnings unless specific hedge accounting criteria are met. Special accounting for qualifying hedges allows a derivative's gains and losses to offset related results on the hedged item in the income statement, and requires that a company must formally document, designate and assess the effectiveness of transactions that receive hedge accounting. Adoption of these new accounting standards is expected to result in a cumulative effect of a change in accounting principle that increases net loss by approximately $23.9 million.

19. PARENT COMPANY ONLY FINANCIAL STATEMENTS:

As the result of limitations on and prohibition of distributions, substantially all of the net assets of the consolidated subsidiaries are restricted for distribution to Charter, the parent company. The following parent-only financial statements of Charter account for the investment in Charter Holdco under the equity method of accounting. The financial statements should be read in conjunction with the consolidated financial statements of the Company and notes thereto.

CHARTER COMMUNICATIONS, INC. (PARENT COMPANY ONLY)

CONDENSED BALANCE SHEETS

	DECEMBER 31,	
	2000	1999
	(DOLLARS IN THOUSANDS)	
ASSETS		
Cash and cash equivalents	$ 465	$ 19,369
Other current assets	464	694
Investment in Charter Holdco	4,227,531	3,762,016
Notes receivable from Charter Holdco	750,000	--
	$4,978,460	$3,782,079
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities	$ --	$ 9,175
Payables to related party	929	10,888
Convertible Notes	750,000	--
Redeemable securities	1,104,327	750,937
Shareholders' equity	3,123,204	3,011,079
Total liabilities and shareholders' equity	$4,978,460	$3,782,079

CHARTER COMMUNICATIONS, INC. (PARENT COMPANY ONLY)

CONDENSED STATEMENTS OF OPERATIONS

	YEAR ENDED DECEMBER 31,		PERIOD FROM DECEMBER 24, 1998, THROUGH DECEMBER 31,
	2000	1999	1998
	(DOLLARS IN THOUSANDS)		
REVENUES			
Interest income	$ 9,222	$ 570	$--
Management fees	4,957	716	--
Total revenues	14,179	1,286	--
EXPENSES			
Equity in losses of Charter Holdco	(828,650)	(66,229)	(2)
General and administrative expenses	(4,957)	(716)	--
Interest expense	(9,222)	(570)	--
Total expenses	(842,829)	(67,515)	(2)
Net loss	$(828,650)	$(66,229)	$(2)

CHARTER COMMUNICATIONS, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

CHARTER COMMUNICATIONS, INC. (PARENT COMPANY ONLY)

CONDENSED STATEMENTS OF CASH FLOWS

	YEAR ENDED DECEMBER 31,		PERIOD FROM DECEMBER 24, 1998, THROUGH DECEMBER 31,
	2000	1999	1998
	(DOLLARS IN THOUSANDS)		
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net loss	$(828,650)	$ (66,229)	$(2)
Equity in losses of Charter Holdco	828,650	66,229	2
Change in assets and liabilities	(18,904)	19,369	
CASH FLOWS FROM INVESTING ACTIVITIES:			
Investment in and receivables from Charter Holdco	(750,000)	(3,290,436)	--
Payment for acquisition	--	(258,434)	--
CASH FLOWS FROM FINANCING ACTIVITIES			
Issuance of Class B common stock to Mr. Allen	--	950	
Net proceeds from initial public offering of common stock	--	3,547,920	--
Borrowing from convertible notes	750,000	--	--
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(18,904)	19,369	--
CASH AND CASH EQUIVALENTS, beginning of period	19,369	--	--
CASH AND CASH EQUIVALENTS, end of period	$ 465	$ 19,369	$--

20. SELECTED QUARTERLY FINANCIAL DATA (UNAUDITED):

Year ended December 31, 2000:

	FIRST	SECOND	THIRD	FOURTH
Revenues	$ 721,604	$ 794,780	$ 838,961	$ 893,877
Loss from operations	(224,273)	(241,047)	(237,337)	(268,777)
Loss before minority interest	(449,620)	(494,136)	(523,464)	(587,725)
Net loss	(180,714)	(196,821)	(210,018)	(241,097)
Basic and diluted loss per common share	(0.81)	(0.89)	(0.93)	(1.03)
Weighted-average shares outstanding	221,917,083	222,089,746	224,965,289	233,738,668

Year ended December 31, 1999:

	FIRST	SECOND	THIRD	FOURTH
Revenues	$160,955	$ 308,038	$ 376,189	$ 583,062
Loss from operations	(31,792)	(39,775)	(38,296)	(76,572)
Loss before minority interest	(83,175)	(140,930)	(164,153)	(250,578)
Net loss	(33)	(57)	(35)	(66,104)
Basic and diluted loss per common share	(0.67)	(1.13)	(0.70)	(0.56)
Weighted-average shares outstanding	50,000	50,000	50,000	118,124,333

21. SUBSEQUENT EVENTS:

In January 2001, Issuers issued the January 2001 Charter Holdings Notes with an aggregate principal amount at maturity of $2.075 billion. The January 2001 Charter Holdings Notes are comprised of $900.0 million 10.75% Senior Notes due 2009, $500.0 million 11.125% Senior Notes due 2011, and $350.6 million of 13.5% Senior Discount Notes due 2011 with a principal amount at maturity of $675.0 million. The net proceeds were approximately $1.72 billion, after giving effect to discounts, commissions and expenses. Charter Holdings used all the net proceeds to repay all remaining amounts outstanding under the Charter Holdings senior bridge loan facility and the Fanch revolving credit facility, a portion of the amounts outstanding under the Charter Operating and Falcon revolving credit facilities, and for general corporate purposes.

In February 2001, all of the remaining possible rescission rights with a maximum potential obligation of $1.1 billion expired without these parties requesting repurchase of their securities (see Note 16).

In February 2001, the Company entered into several agreements with AT&T Broadband, LLC involving several strategic cable system transactions that will result in a net addition of approximately 512,000 customers (unaudited) for the Charter cable systems. In the pending AT&T transactions, the Company expects to acquire cable systems from AT&T Broadband serving approximately 574,000 customers (unaudited) in Missouri, Alabama, Nevada and California for a total of $1.79 billion. A portion of the purchase price will consist of Charter cable systems valued at $249.0 million serving approximately 62,000 customers (unaudited) in Florida. Of the balance of the purchase price, up to $501.5 million will be paid in Class A common stock and the remainder will be paid in cash. Charter Holdings and Charter Communications Holdings Capital Corporation have a commitment for a bridge loan from Morgan Stanley Senior Funding, Inc. and Goldman Sachs Credit Partners LP for temporary financing of the cash portion of the purchase price. The Company expects to obtain permanent financing through one or more debt or equity financing transactions or a combination thereof. The acquisition transactions are expected to close in the second and/or third quarters of 2001, subject to certain closing conditions and regulatory review.

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To Charter Communications Properties Holdings, LLC:

We have audited the accompanying consolidated statements of operations, changes in shareholder's investment and cash flows of Charter Communications Properties Holdings, LLC and subsidiaries for the period from January 1, 1998, through December 23, 1998. 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 audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the results of the operations and the cash flows of Charter Communications Properties Holdings, LLC and subsidiaries for the period from January 1, 1998, through December 23, 1998, in conformity with accounting principles generally accepted in the United States.

/s/ ARTHUR ANDERSEN LLP

St. Louis, Missouri,
February 5, 1999

CHARTER COMMUNICATIONS PROPERTIES HOLDINGS, LLC AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF OPERATIONS

	PERIOD FROM JANUARY 1, 1998, THROUGH DECEMBER 23, 1998
	(DOLLARS IN THOUSANDS)
REVENUES	$ 49,731
OPERATING EXPENSES:	
Operating, general and administrative	25,952
Depreciation and amortization	16,864
Corporate expense allocation -- related party	6,176
	48,992
Income from operations	739
OTHER INCOME (EXPENSE):	
Interest expense	(17,277)
Interest income	44
Other, net	(728)
	(17,961)
Net loss	$(17,222)

The accompanying notes are an integral part of this consolidated statement.

CHARTER COMMUNICATIONS PROPERTIES HOLDINGS, LLC AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDER'S INVESTMENT

	COMMON STOCK	PAID-IN CAPITAL	ACCUMULATED DEFICIT	TOTAL
		(DOLLARS IN THOUSANDS)		
BALANCE, January 1, 1998	$--	$ 5,900	$ (7,875)	$ (1,975)
Capital contributions	--	10,800	--	10,800
Net loss	--	--	(17,222)	(17,222)
BALANCE, December 23, 1998	$--	$16,700	$(25,097)	$ (8,397)

The accompanying notes are an integral part of this consolidated statement.

CHARTER COMMUNICATIONS PROPERTIES HOLDINGS, LLC AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS

	PERIOD FROM JANUARY 1, 1998, THROUGH DECEMBER 23, 1998
	(DOLLARS IN THOUSANDS)
CASH FLOWS FROM OPERATING ACTIVITIES:	
Net loss	$ (17,222)
Adjustments to reconcile net loss to net cash provided by operating activities --	
Depreciation and amortization	16,864
Noncash interest expense	267
Gain on disposal of property, plant and equipment	(14)
Changes in assets and liabilities, net of effects from acquisition --	
Receivables	10
Prepaid expenses and other	(125)
Accounts payable and accrued expenses	16,927
Payables to manager of cable systems -- related party	5,288
Other operating activities	569
Net cash provided by operating activities	22,564
CASH FLOWS FROM INVESTING ACTIVITIES:	
Purchases of property, plant and equipment	(15,364)
Payment for acquisition, net of cash acquired	(167,484)
Other investing activities	(486)
Net cash used in investing activities	(183,334)
CASH FLOWS FROM FINANCING ACTIVITIES:	
Borrowings of long-term debt	217,500
Repayments of long-term debt	(60,200)
Capital contributions	7,000
Payments for debt issuance costs	(3,487)
Net cash provided by financing activities	160,813
NET INCREASE IN CASH AND CASH EQUIVALENTS	43
CASH AND CASH EQUIVALENTS, beginning of period	626
CASH AND CASH EQUIVALENTS, end of period	$ 669
CASH PAID FOR INTEREST	$ 7,679

The accompanying notes are an integral part of this consolidated statement.

CHARTER COMMUNICATIONS PROPERTIES HOLDINGS, LLC AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(DOLLARS IN THOUSANDS)

1. ORGANIZATION AND BASIS OF PRESENTATION:

Charter Communications Properties Holdings, LLC (CCPH), a Delaware limited liability company, formerly Charter Communications Properties Holdings, Inc., through its wholly owned cable television operating subsidiary, Charter Communications Properties, LLC (CCP), commenced operations with the acquisition of a cable television system on September 30, 1995. Prior to February 19, 1999, CCPH was wholly owned by Charter Investment, Inc. (Charter Investment).

Effective December 23, 1998, as part of a series of transactions, through which Paul G. Allen acquired Charter Investment, Mr. Allen acquired CCPH for an aggregate purchase price of $211 million, excluding $214 million in debt assumed (the "Paul Allen Transaction"). In conjunction with the Paul Allen Transaction, CCPH was converted from a corporation to a limited liability company. Also, in conjunction with the Paul Allen Transaction, Charter Investment for fair value acquired from unrelated third parties all of the interest it did not already own in CharterComm Holdings, LLC (CharterComm Holdings) and CCA Group (comprised of CCA Holdings, Corp., CCT Holdings Corp. and Charter Communications Long Beach, Inc.), all cable television operating companies, for $2.0 billion, excluding $1.8 billion in debt assumed. Charter Investment previously managed and owned minority interests in these companies. In February 1999, Charter Investment transferred all of its cable television operating subsidiaries to a wholly owned subsidiary of Charter Communications Holdings, LLC (Charter Holdings), Charter Communications Operating, LLC (Charter Operating). Charter Holdings was a wholly owned subsidiary of Charter Investment. The transfer was accounted for as a reorganization of entities under common control similar to a pooling of interests.

The accompanying consolidated financial statements include the accounts of CCPH and CCP, its wholly owned cable operating subsidiary (collectively, the "Company"). The accounts of CharterComm Holdings and CCA Group are not included since these companies were not owned and controlled by Charter Investment prior to December 23, 1998.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Cash Equivalents

The Company considers all highly liquid investments with original maturities of three months or less to be cash equivalents. These investments are carried at cost that approximates market value.

Property, Plant and Equipment

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

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

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

For the period from January 1, 1998, through December 23, 1998, depreciation expense was $6.2 million.

Franchises

Costs incurred in obtaining and renewing cable franchises are deferred and amortized over the lives of the franchises. Costs relating to unsuccessful franchise applications are charged to expense when it is determined that the efforts to obtain the franchise will not be successful. Franchise rights acquired through the purchase of cable systems represent management's estimate of fair value and are generally amortized using the straight-line method over a period of 15 years. The period of 15 years is management's best estimate of the useful lives of the franchises and assumes substantially all of those franchises that expire during the period will be renewed by the Company.

Other Assets

Debt issuance costs are being amortized to interest expense using the effective interest method over the term of the related debt. The interest rate cap costs are being amortized over the terms of the agreement, which approximates three years.

Impairment of Assets

If facts and circumstances suggest that a long-lived asset may be impaired, the carrying value is reviewed. If a review indicates that the carrying value of such asset is not recoverable based on projected undiscounted net cash flows related to the asset over its remaining life, the carrying value of such asset is reduced to its estimated fair value.

Revenues

Cable television revenues from basic and premium services are recognized when the related services are provided.

Installation revenues are recognized to the extent of direct selling costs incurred. The remainder, if any, is deferred and amortized to income over the estimated average period that customers are expected to remain connected to the cable system. As of December 23, 1998, no installation revenue has been deferred, as direct selling costs have exceeded installation revenue.

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

Interest Rate Hedge Agreements

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

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

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

Income Taxes

The Company filed a consolidated income tax return with Charter Investment. Income taxes were allocated to the Company in accordance with the tax-sharing agreement between the Company and Charter Investment.

Use of Estimates

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

3. ACQUISITION:

In 1998, the Company acquired a cable system for an aggregate purchase price, net of cash acquired, of $228.4 million, comprised of $167.5 million in cash and $60.9 million in a note payable to the seller. The excess of the cost of properties acquired over the amounts assigned to net tangible assets at the date of acquisition was $207.6 million and is included in franchises.

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

Unaudited pro forma operating results as though the acquisition discussed above, excluding the Paul Allen Transaction, had occurred on January 1, 1998, with adjustments to give effect to amortization of franchises, interest expense and certain other adjustments are as follows:

	PERIOD FROM JANUARY 1, 1998, THROUGH DECEMBER 23, 1998 (UNAUDITED)
Revenues	$67,007
Loss from operations	(7,097)
Net loss	(24,058)

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

4. ALLOWANCE FOR DOUBTFUL ACCOUNTS:

Activity in the allowance for doubtful accounts is summarized as follows:

	PERIOD FROM JANUARY 1, 1998, THROUGH DECEMBER 23, 1998
Balance, beginning of period	$ 52
Acquisition of system	96
Charged to expense	1,122
Uncollected balances written off, net of recoveries	(778)
Balance, end of period	$ 492

5. INCOME TAXES:

Deferred tax assets and liabilities are recognized for the estimated future tax consequence attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis. Deferred income tax assets and liabilities are measured using the enacted tax rates in effect for the year in which those temporary differences are expected to be recovered or settled. Deferred income tax expense or benefit is the result of changes in the liability or asset recorded for deferred taxes. A valuation allowance must be established for any portion of a deferred tax asset for which it is more likely than not that a tax benefit will not be realized.

No current provision (benefit) for income taxes was recorded. The effective income tax rate is less than the federal rate of 35% primarily due to providing a valuation allowance on deferred income tax assets.

6. RELATED-PARTY TRANSACTIONS:

Charter Investment provides management services to the Company including centralized customer billing services, data processing and related support, benefits administration and coordination of insurance coverage and self-insurance programs for medical, dental and workers' compensation claims. Certain costs for services are billed and charged directly to the Company's operating subsidiaries and are included in operating costs. These billings are determined based on the number of basic customers. Such costs totaled $437 for the period from January 1, 1998, through December 23, 1998. All other costs incurred by Charter Investment on behalf of the Company are expensed in the accompanying consolidated financial statements and are included in corporate expense allocations related party. The cost of these services is allocated based on the number of basic customers. Management considers these allocations to be reasonable for the operations of the Company.

Charter Investment utilized a combination of excess insurance coverage and self-insurance programs for its medical, dental and workers' compensation claims. Charges are made to the Company as determined by independent actuaries, at the present value of the actuarially computed present and future liabilities for such benefits. Medical coverage provides for $2.4 million aggregate stop loss protection and a loss limitation of $100 per person per year. Workers' compensation coverage provides for $800 aggregate stop loss protection and a loss limitation of $150 per person per year.

The Company is charged a management fee based on percentages of revenues as stipulated in the management agreement between Charter Investment and the Company. For the period from January 1, 1998, through December 23, 1998, the management fee charged to the Company approximated the corporate expenses incurred by Charter Investment on behalf of the Company.

7. COMMITMENTS AND CONTINGENCIES:

Leases

The Company leases certain facilities and equipment under noncancellable operating leases. Leases and rental costs charged to expense for the period from January 1, 1998, through December 23, 1998, was $278.

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, was $421.

Litigation

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

Regulation in the Cable Television Industry

The cable television industry is subject to extensive regulation at the federal, local and, in some instances, state levels. The Cable Communications Policy Act of 1984 (the "1984 Cable Act"), the Cable Television Consumer Protection and Competition Act of 1992 (the "1992 Cable Act" and together with the 1984 Cable Act, the "Cable Acts"), and the Telecommunications Act of 1996 (the "1996 Telecom Act"), establish a national policy to guide the development and regulation of cable systems. The Federal Communications Commission (FCC) has principal responsibility for implementing the policies of the Cable Acts. Many aspects of such regulation are currently the subject of judicial proceedings and administrative or legislative proposals. Legislation and regulations continue to change, and the Company cannot predict the impact of future developments on the cable television industry.

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

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

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

The 1996 Telecom Act, among other things, immediately deregulated the rates for certain small cable operators and in certain limited circumstances rates on the basic service tier, and as of March 31, 1999, deregulates rates on the cable programming service tier (CPST). The FCC has taken the position that it will still adjudicate pending CPST complaints but will strictly limit its review, and possible refund orders, to the time period predating the sunset date, March 31, 1999. The Company does not believe any adjudications

regarding their pre-sunset complaints will have a material adverse effect on the Company's consolidated financial position or results of operations.

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

8. EMPLOYEE BENEFIT PLANS:

401(k) Plan

The Company's employees may participate in the Charter Communications, Inc. 401(k) Plan (the "401(k) Plan"). Employees that qualify for participation can contribute up to 15% of their salary, on or before tax basis, subject to a maximum contribution limit as determined by the Internal Revenue Service. The Company contributes an amount equal to 50% of the first 5% of contributions by each employee. The Company contributed $74.0 for the period from January 1, 1998, through December 23, 1998.

Appreciation Rights Plan

Certain employees of Charter participated in the 1995 Charter Communications, Inc. Appreciation Rights Plan (the "Plan"). The Plan permitted Charter Investment to grant 1,500,000 units to certain key employees, of which 1,251,500 were outstanding at December 31, 1997. Units received by an employee vest at a rate of 20% per year, unless otherwise provided in the participant's Appreciation Rights Unit Agreement. The appreciation rights entitled the participants to receive payment, upon termination or change in control of Charter Investment, of the excess of the unit value over the base value (defined as the appreciation value) for each vested unit. The unit value was based on adjusted equity, as defined in the Plan. Deferred compensation expense was based on the appreciation value since the grant date and was being amortized over the vesting period.

As a result of the acquisition of Charter Investment by Mr. Allen, the Plan was terminated, all outstanding units became 100% vested and all amounts were paid by Charter Investment in 1999. The cost of this plan was allocated to the Company based on the number of basic customers. The Company considers this allocation to be reasonable for the operations of the Company. For the period January 1, 1998, through December 23, 1998, the Company expensed $3,800, included in corporate expense allocation-related party and increased shareholder's investment for the cost of this plan.

9. ACCOUNTING STANDARD NOT YET IMPLEMENTED:

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

INDEPENDENT AUDITORS' REPORT

The Common Member and Manager
Bresnan Communications Group LLC:

We have audited the accompanying consolidated balance sheets of Bresnan Communications Group LLC and its subsidiaries as of December 31, 1999 and February 14, 2000, and the related consolidated statements of operations and members' equity (deficit) and cash flows for the year ended December 31, 1999 and for the period ended February 14, 2000. These consolidated financial statements are the responsibility of the Bresnan Communications Group LLC's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

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

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Bresnan Communications Group LLC, as of December 31, 1999 and February 14, 2000, and the results of their operations and their cash flows for the year ended December 31, 1999 and the period ended February 14, 2000, in conformity with generally accepted accounting principles.

/s/ KPMG LLP

Denver, Colorado
April 20, 2000

BRESNAN COMMUNICATIONS GROUP LLC

CONSOLIDATED BALANCE SHEETS

	DECEMBER 31, 1999	FEBRUARY 14, 2000
	(AMOUNTS IN THOUSANDS)	
ASSETS		
Cash and cash equivalents	$ 5,995	$ --
Restricted cash (note 3)	290	301
Trade and other receivables, net	9,006	9,062
Property and equipment, at cost:		
Land and buildings	6,879	7,271
Distribution systems	534,812	546,939
Support equipment	62,283	60,747
	603,974	614,957
Less accumulated depreciation	228,868	233,810
	375,106	381,147
Franchise costs, net	328,068	354,887
Other assets, net of amortization	19,038	18,746
Total assets	$ 737,503	$ 764,143
LIABILITIES AND MEMBERS' EQUITY (DEFICIT)		
Bank overdraft	$ --	$ 1,542
Accounts payable	18,900	20,776
Accrued expenses	35,613	8,240
Accrued interest	11,748	1,459
Debt (note 4)	895,607	963,292
Other liabilities	10,020	10,604
Total Liabilities	971,888	1,005,913
Members' deficit	(234,385)	(241,770)
Commitments and contingencies		
Total liabilities and members' deficit	$ 737,503	$ 764,143

See accompanying notes to consolidated financial statements.

BRESNAN COMMUNICATIONS GROUP LLC

CONSOLIDATED STATEMENTS OF OPERATIONS AND MEMBERS' EQUITY (DEFICIT)

	YEAR ENDED DECEMBER 31, 1999	PERIOD FROM JANUARY 1, 2000 TO FEBRUARY 14, 2000
	(AMOUNTS IN THOUSANDS)	
REVENUE	$ 283,574	$ 37,102
Operating costs and expenses:		
Programming (note 6)	72,355	10,178
Operating	31,624	4,857
Selling, general and administrative (note 6)	67,351	10,414
Organizational and divestiture costs	5,281	865
Depreciation and amortization	59,752	8,095
	236,363	34,409
Operating income	47,211	2,693
OTHER INCOME (EXPENSE):		
Interest expense:		
Related party (note 4)	(152)	--
Other	(67,139)	(9,522)
Gain (loss) on sale of cable television systems	556	--
Other, net	(900)	(106)
	(67,635)	(9,628)
Net earnings (loss)	(20,424)	(6,935)
MEMBERS' EQUITY (DEFICIT):		
Beginning of period	381,748	(234,385)
Capital contributions by members	136,500	--
Capital distributions to members	(732,209)	(450)
End of period	$(234,385)	$(241,770)

See accompanying notes to consolidated financial statements.

BRESNAN COMMUNICATIONS GROUP LLC

CONSOLIDATED STATEMENTS OF CASH FLOWS

	YEAR ENDED DECEMBER 31, 1999	PERIOD FROM JANUARY 1, 2000 TO FEBRUARY 14, 2000
	(AMOUNTS IN THOUSANDS)	
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	$ (20,424)	$ (6,935)
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Depreciation and amortization	59,752	8,095
Amortization of debt discount and deferred financing costs	18,683	2,345
Gain on sale of cable television systems	(556)	--
Other, net	--	689
Changes in operating assets and liabilities, net of effects of acquisitions:		
Change in receivables	621	(56)
Change in other assets	429	37
Change in accounts payable, accrued expenses, accrued interest and other liabilities	25,457	(34,227)
Net cash provided by (used in) operating activities	83,962	(30,052)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Capital expended for property and equipment and for franchise costs	(90,879)	(6,642)
Cash paid in acquisitions	(78,680)	(36,177)
Cash received in disposals	4,956	200
Change in restricted cash	46,999	(11)
Net cash used in investing activities	(117,604)	(42,630)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Change in bank overdraft	--	(1,542)
Borrowings under note agreement	597,530	67,000
Proceeds from Senior Notes	170,000	--
Proceeds from Senior Discount Notes	175,021	--
Repayments under note agreement	(294,672)	(1,405)
Deferred finance costs paid	(19,169)	--
Contributions by members	136,500	--
Distributions to members	(732,209)	(450)
Net cash provided by financing activities	33,001	66,687
Net decrease in cash	(641)	(5,995)
CASH AND CASH EQUIVALENTS:		
Beginning of period	6,636	5,995
End of period	$ 5,995	$ --
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION --		
Cash paid during the period for interest	$ 58,695	$ 17,603

See accompanying notes to consolidated financial statements.

BRESNAN COMMUNICATIONS GROUP LLC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND FEBRUARY 14, 2000
(AMOUNTS IN THOUSANDS)

(1) BASIS OF PRESENTATION

Bresnan Communications Group LLC and its subsidiaries ("BCG" or the "Company") are wholly owned by Bresnan Communications Company Limited Partnership, a Michigan limited partnership ("BCCLP"). BCG is a Delaware limited liability company formed on August 5, 1998 for the purpose of acting as co-issuer with its wholly-owned subsidiary, Bresnan Capital Corporation ("BCC"), of $170,000 aggregate principal amount at maturity of 8% Senior Notes and $275,000 aggregate principal amount at maturity of 9.25% Senior Discount Notes, both due in 2009 (collectively the "Notes"). Also, at this time, BTC borrowed approximately $508,000 of $650,000 available under a new credit facility (the "Senior Credit Facility"). (See Note 4, Debt.) Prior to the issuance of the Notes on February 2, 1999, BCCLP completed the terms of a contribution agreement dated June 3, 1998, as amended, whereby certain affiliates of AT&T Broadband and Internet Services, formerly Tele-Communications, Inc. ("TCI"), contributed certain cable television systems along with assumed TCI debt of approximately $708,854 to BCCLP which was repaid with the proceeds of the Notes and the Senior Credit Facility. In addition, Blackstone BC Capital Partners L.P. ("Blackstone") and affiliates contributed $136,500 to BCCLP. Upon completion of the Notes offering on February 2, 1999 BCCLP contributed all of its assets and liabilities to BCG, which formed a wholly owned subsidiary, Bresnan Telecommunications Company LLC ("BTC"), into which it contributed all of its assets and certain liabilities. The above noted contributed assets and liabilities were accounted for at predecessor cost because of the common ownership and control of TCI and have been reflected in the accompanying financial statements in a manner similar to a pooling of interests.

The consolidated financial statements include the accounts of BCG and those of its wholly owned subsidiary, BTC, subsequent to the aforementioned formation transaction.

The Company owns and operates cable television systems in small- and medium-sized communities in the midwestern United States.

Prior to the transactions noted above, TCI and William J. Bresnan and certain entities which he controls (collectively, the "Bresnan Entities"), held 78.4% and 21.6% interests, respectively, in BCCLP. As of February 2, 1999, TCI, Blackstone and the Bresnan Entities held 50.00%, 39.79% and 10.21% interests, respectively. On February 14, 2000, these interests were sold to Charter Communications Holding Company, LLC. (See Note 8, Sale of the Company.)

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Cash Equivalents

Cash equivalents consist of investments which are readily convertible into cash and have maturities of three months or less at the time of acquisition.

(b) Trade and Other Receivables

Receivables are reflected net of an allowance for doubtful accounts. Such allowance at December 31, 1999 and February 14, 2000 was not significant.

(c) Property and Equipment

Property and equipment is stated at cost, including acquisition costs allocated to tangible assets acquired. Construction costs, including interest during construction and applicable overhead, are capitalized. During the year ended December 31, 1999 and the period ended February 14, 2000, interest capitalized was $1,027 and $137, respectively.

Depreciation is computed on a straight-line basis using estimated useful lives of 3 to 15 years for distribution systems and 3 to 40 years for support equipment and buildings.

Repairs and maintenance are charged to operations, and renewals and additions are capitalized. At the time of ordinary retirements, sales or other dispositions of property, the original cost and cost of removal of such property are charged to accumulated depreciation, and salvage, if any, is credited thereto. Gains or losses are only recognized in connection with the sales of properties in their entirety.

(d) Franchise Costs

Franchise costs represent the difference between the cost of acquiring cable television systems and amounts allocated to their tangible assets. Such amounts are generally amortized on a straight-line basis over 40 years. Costs incurred in negotiating and renewing franchise agreements are amortized on a straight-line basis over the life of the franchise, generally 10 to 20 years.

(e) Impairment of Long-Lived Assets

Management periodically reviews the carrying amounts of property and equipment and identifiable intangible assets to determine whether current events or circumstances warrant adjustments to such carrying amounts. If an impairment adjustment is deemed necessary, such loss is measured by the amount that the carrying value of such assets exceeds their fair value. Considerable management judgment is necessary to estimate the fair value of assets. Accordingly, actual results could vary significantly from such estimates. Assets to be disposed of are carried at the lower of their financial statement carrying amount or fair value less costs to sell.

(f) Financial Instruments

The Company has entered into fixed interest rate exchange agreements ("Interest Rate Swaps") which are used to manage interest rate risk arising from its financial liabilities. Such Interest Rate Swaps are accounted for as a hedge; accordingly, amounts receivable or payable under the Interest Rate Swaps are recognized as adjustments to interest expense. These instruments are not used for trading purposes.

The Financial Accounting Standards Board recently issued Statement of Financial Accounting Standards No. 133, "Accounting for Derivative Instruments and Hedging Activities" ("SFAS 133"), which is effective for all fiscal years beginning after June 15, 2000. SFAS 133 establishes accounting and reporting standards for derivative instruments and hedging activities by requiring that all derivative instruments be reported as assets or liabilities and measured at their fair values. Under SFAS 133, changes in the fair values of derivative instruments are recognized immediately in earnings unless those instruments qualify as hedges of the (1) fair values of existing assets, liabilities, or firm commitments, (2) variability of cash flows of forecasted transactions, or (3) foreign currency exposures of net investments in foreign operations. Although management has not completed its assessment of the impact of SFAS 133 on its combined results of operations and financial position, management estimates that the impact of SFAS 133 will not be material.

(g) Income Taxes

The majority of BCG's net assets were historically held in partnerships. In addition, BCG has been formed as a limited liability company, to be treated for tax purposes as a flow-through entity. Accordingly, no provision has been made for income tax expense or benefit in the accompanying combined financial statements as the earnings or losses of Bresnan Communications Group LLC will be reported in the respective tax returns of BCG's members. (See Note 5, Income Taxes).

(h) Revenue Recognition

Cable revenue for customer fees, equipment rental, advertising, pay-per-view programming and revenue sharing agreements is recognized in the period that services are delivered. Installation revenue is recognized in the period the installation services are provided to the extent of direct selling and installation costs. Any remaining amount is deferred and recognized over the estimated average period that customers are expected to remain connected to the cable distribution system.

(i) Statement of Cash Flows

Except for acquisition transactions described in Note 3, transactions effected through Members' equity (deficit) have been considered constructive cash receipts and payments for purposes of the statement of cash flows.

(j) Advertising Costs

All advertising costs are expensed as incurred.

(k) Estimates

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

(l) Recent Accounting Pronouncements

In December 1999 the SEC released Staff Accounting Bulletin ("SAB") No. 101, "Revenue Recognition in Financial Statements," which provides guidance on the recognition, presentation and disclosure of revenue in financial statements filed with the SEC. Subsequently, the SEC released SAB 101A, which delayed the implementation date of SAB 101 for registrants with fiscal years beginning between December 16, 1999 and March 15, 2000. The Company has not yet assessed the impact, if any, that SAB 101 might have on its financial position or results of operations.

(3) ACQUISITIONS AND SYSTEM DISPOSITIONS

In 1999, BCG acquired three cable systems that were accounted for under the purchase method. The purchase prices were allocated to the assets acquired in relation to their fair values as increases to property and equipment of $24,098 and franchise costs of $54,582. In connection with two of the acquisitions, the aforementioned third party intermediary disbursed $46,999 of cash to complete the reinvestment in certain identified assets for income tax purposes.

Also, in 1999, BCG disposed of cable systems for gross proceeds of $4,956, which resulted in a gain of $556.

In 2000, BCG purchased two cable systems for a total of $36,177. The purchase prices were allocated to the assets acquired in relation to their fair values as increase to property and equipment of $8,581 and franchise costs of $27,596.

The results of operations of these cable television systems have been included in the accompanying combined statements of operations from their dates of acquisition or their disposition, as applicable. Pro forma information on the acquisitions and dispositions has not been presented because the effects were not significant.

(4) DEBT

Debt is summarized for December 31, 1999 and February 14, 2000 as follows:

	1999	2000
	(AMOUNTS IN THOUSANDS)	
Senior Credit Facility(a)	$534,200	$599,900
Senior Notes Payable(b)	170,000	170,000
Senior Discount Notes Payable(b)	190,132	192,222
Other debt	1,275	1,170
	$895,607	$963,292

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(a) The Senior Credit Facility represents borrowings under a $650,000 senior reducing revolving credit and term loan facility as documented in the loan agreement as of February 2, 1999. The Senior Credit Facility has a current available commitment of $650,000 of which $599,900 is outstanding at February 14, 2000. The Senior Credit Facility provides for three tranches, a revolving loan tranche for $150,000 (the "Revolving Loan"), a term loan tranche of $328,000 (the "A Term Loan" and together with the Revolving Loan, "Facility A") and a term loan tranche of $172,000 (the "Facility B").

The commitments under the Senior Credit Facility will reduce commencing with the quarter ending March 31, 2002. Facility A permanently reduces in quarterly amounts ranging from 2.5% to 7.5% of the Facility A amount starting March 31, 2002 and matures approximately eight and one half years after February 2, 1999. Facility B is also to be repaid in quarterly installments of .25% of the Facility B amount beginning in March 2002 and matures approximately nine years after February 2, 1999, on which date all remaining amounts of Facility B will be due and payable. Additional reductions of the Senior Credit Facility will also be required upon certain asset sales, subject to the right of the Company and its subsidiaries to reinvest asset sale proceeds under certain circumstances. The interest rate options include a LIBOR option and a Prime Rate option plus applicable margin rates based on the Company's total leverage ratio, as defined. The rate applicable to balances outstanding at February 14, 2000 ranged from 7.28% to 8.50%. Covenants of the Senior Credit Facility require, among other conditions, the maintenance of specific levels of the ratio of cash flows to future debt and interest expense and certain limitations on additional investments, indebtedness, capital expenditures, asset sales and affiliate transactions. In addition, the Company is required to pay a commitment fee on the unused revolver portion of Facility A which will accrue at a rate ranging from .25% to .375% per annum, depending on the Company's total leverage ratio, as defined.

(b) On February 2, 1999, the Company issued $170,000 aggregate principal amount senior notes payable (the "Senior Notes"). In addition, on the same date, the Company issued $275,000 aggregate principal amount at maturity of senior discount notes, (the "Senior Discount Notes") for approximately $175,021 gross proceeds (collectively the "Notes").

The Senior Notes are unsecured and will mature on February 1, 2009. The Senior Notes bear interest at 8% per annum payable semi-annually on February 1 and August 1 of each year, commencing August 1, 1999.

The Senior Discount Notes are unsecured and will mature on February 1, 2009. The Senior Discount Notes were issued at a discount to their aggregate principal amount at maturity and will accrete at a rate of approximately 9.25% per annum, compounded semi-annually, to an aggregate principal amount of $275,000 on February 1, 2004. Subsequent to February 1, 2004, the Senior Discount Notes will bear interest at a rate of 9.25% per annum payable semi-annually in arrears on February 1 and August 1 of each year, commencing August 1, 2004.

The Company may elect, upon not less than 60 days prior notice, to commence the accrual of interest on all outstanding Senior Discount Notes on or after February 1, 2002, in which case the outstanding principal amount at maturity of each Senior Discount Note will on such commencement date be reduced to the accreted value of such Senior Discount Note as of such date and interest shall be payable with respect to the Senior Discount Notes on each February and August 1 thereafter.

The Company may not redeem the Notes prior to February 1, 2004 except that prior to February 1, 2002, the Company may redeem up to 35% of the Senior Notes and Senior Discount Notes at redemption prices equal to 108% and 109.25% of the applicable principal amount and accreted value, respectively, with proceeds of an equity offering. Subsequent to February 1, 2004, the Company may redeem the Notes at redemption prices declining annually from approximately 104% of the principal amount or accreted value.

Bresnan Communications Group LLC and its wholly owned subsidiary Bresnan Capital Corporation are the sole obligors of the Senior Notes and Senior Discount Notes. Bresnan Communications Group LLC has no other assets or liabilities other than its investment in its wholly owned subsidiary Bresnan Telecommunications Company LLC. Bresnan Capital Corporation has no other assets or liabilities.

Upon change of control of the Company, the holders of the notes have the right to require the Company to purchase the outstanding notes at a price equal to 101% of the principal amount or accreted value plus accrued and unpaid interest. (See Note 8 "Sale of the Company"). Subsequent to the period end, the Senior Notes and Senior Discount Notes were repaid by the Company at a price equal to 101% of the principal amount or accreted value plus accrued and unpaid interest.

The Company entered into interest rate swap agreements to effectively fix or set maximum interest rates on a portion of its floating rate long-term debt. The Company is exposed to credit loss in the event of nonperformance by the counterparties to the interest rate swap agreements.

At February 14, 2000, such interest rate swap agreements effectively fixed or set a maximum LIBOR base interest rates between 8.0% and 8.02% on an aggregate notional principal amount of $50,000, which rates would become effective upon the occurrence of certain events. The effect of the interest rate swap on interest expense for the period ended February 14, 2000 was not significant. The expiration dates of the interest rate swaps ranges from April 1, 2000 to April 3, 2000. The difference between the fair market value and book value of long-term debt and the interest rate swaps at December 31, 1999 and February 14, 2000 is not significant.

(5) INCOME TAXES

Taxable earnings differ from those reported in the accompanying consolidated statements of operations due primarily to differences in depreciation and amortization methods and estimated useful lives under regulations prescribed by the Internal Revenue Service. At February 14, 2000, the financial statement carrying amount of the Company's assets exceeded its tax basis by approximately $396 million.

(6) TRANSACTIONS WITH RELATED PARTIES

BCG and its predecessor purchased, at TCI's cost, substantially all of its pay television and other programming from affiliates of TCI. Charges for such programming were $62,502 and $8,535 for the year ended December 31, 1999 and the period ended February 14, 2000, respectively, and are included in programming expenses in the accompanying consolidated financial statements.

Prior to February 2, 1999, certain affiliates of the partners of BCCLP provided administrative services to BCG and assumed managerial responsibility of BCG's cable television system operations and construction. As compensation for these services, BCG paid a monthly fee calculated pursuant to certain agreed upon formulas. Subsequent to the TCI Transaction on February 2, 1999, certain affiliates of a partner of BCCLP provide

administrative services and have assumed managerial responsibilities of BCG. As compensation for these services BCG pays a quarterly fee equal to approximately 3% of gross revenues. Such aggregate charges totaled $10,498 and $1,389 and have been included in selling, general and administrative expenses for year ended December 31, 1999 and the period ended February 14, 2000, respectively.

(7) COMMITMENTS AND CONTINGENCIES

The Cable Television Consumer Protection and Competition Act of 1992 (the "1992 Cable Act") imposed certain rate regulations on the cable television industry. Under the 1992 Cable Act, all cable systems are subject to rate regulation, unless they face "effective competition," as defined by the 1992 Cable Act and expanded in the Telecommunications Act of 1996 (the "1996 Act"), in their local franchise area.

Although the Federal Communications Commission (the "FCC") has established regulations required by the 1992 Cable Act, local government units (commonly referred to as local franchising authorities) are primarily responsible for administering the regulation of a cable system's basic service tier ("BST"). The FCC itself directly administered rate regulation of any cable programming service tier ("CPST"). The FCC's authority to regulate CPST rates expired on March 31, 1999. The FCC has taken the position that it will still adjudicate CPST complaints filed after this sunset date (but no later than 180 days after the last CPST rate increase imposed prior to March 31, 1999), and will strictly limit its review (and possible refund orders) to the time period predating the sunset date.

Under the FCC's rate regulations, most cable systems were required to reduce their BST and CPST rates in 1993 and 1994, and have since had their rate increases governed by a complicated price structure that allows for the recovery of inflation and certain associated costs, as well as providing some incentive for expanding channel carriage. Operators also have the opportunity to bypass this "benchmark" regulatory structure in favor of the traditional "cost-of-service" regulation in cases where the latter methodology appears favorable. Premium cable service offered on a per-channel or per-program basis remain unregulated, as do affirmatively marketed packages consisting entirely of new programming product.

The management of BCG believes that it has complied in all material respects with the provisions of the 1992 Cable Act and the 1996 Act, including its rate setting provisions. If, as a result of the review process, a system cannot substantiate its rates, it could be required to retroactively reduce its rates to the appropriate benchmark and refund the excess portion of rates received. Any refunds of the excess portion of CPST rates would be retroactive to the date of complaint. Any refunds of the excess portion of BST or equipment rates would be retroactive to one year prior to the implementation of the rate reductions.

Certain plaintiffs have filed or threatened separate class action complaints against certain of the systems of BCG, alleging that the systems' practice of assessing an administrative fee to the subscribers whose payments are delinquent constitutes an invalid liquidated damage provision and a breach of contract, and violates local consumer protection statutes. Plaintiffs seek recovery of all late fees paid to the subject systems as a class purporting to consist of all subscribers who were assessed such fees during the applicable limitation period, plus attorney fees and costs.

BCG has additional contingent liabilities related to legal proceedings and other matters arising in the ordinary course of business. Although it is possible that BCG may incur losses upon conclusion of these matters and the matters referred to above, an estimate of any loss or range of loss cannot presently be made. Based upon the facts available, management believes that, although no assurance can be given as to the outcome of these actions, the ultimate disposition should not have material adverse effect upon the combined financial condition of BCG.

The Company entered into a letter of intent with a cable operator pursuant to which the Company acquires a small cable television system in Minnesota. The transaction would result in a net cost of approximately $13,000 and will be funded by cash flow from operations and additional borrowings.

BCG leases business offices, has entered into pole attachment agreements and uses certain equipment under lease arrangements. Rental expense under such arrangements amounted to $3,547 and $405 during the year ended December 31, 1999 and the period ended February 14, 2000, respectively.

Future minimum lease payments under noncancelable operating leases are estimated to approximate $2,240 per year for each of the next five years.

It is expected that, in the normal course of business, expiring leases will be renewed or replaced by leases on the same or similar properties.

(8) SALE OF THE COMPANY

In June 1999, the Partners of BCCLP entered into an agreement to sell all of their partnership interests in BCCLP to Charter Communications Holding Company, LLC for a purchase price of approximately $3.1 billion in cash and equity instruments of Charter and its subsidiaries (including the Company) which will be reduced by the assumption of BCCLP's debt at closing. In conjunction with the sale of the partnership interests, Charter assumed the Company's outstanding indebtedness under the Senior Credit Facility (See Note 4, Debt.) The accompanying financial statements do not reflect the effect of the adjustments, if any, resulting from the sale of the partnership's interests on February 14, 2000.

EXHIBIT 2.14(a)
CONFORMED COPY

ASSET PURCHASE AGREEMENT

AMONG

MARCUS CABLE OF ALABAMA, L.L.C.
ON THE ONE HAND

AND

TCI OF SELMA, INC., TCI OF LEE COUNTY, INC., TCI CABLEVISION OF ALABAMA, INC., ALABAMA T.V. CABLE, INC. AND TCI SOUTHEAST, INC.
ON THE OTHER HAND

DATED AS OF

FEBRUARY 26, 2001

ALABAMA

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LIST OF EXHIBITS AND SCHEDULES

ASSET PURCHASE AGREEMENT

This Asset Purchase Agreement ("Agreement") is made as of the 26th day of February, 2001, by and among TCI Southeast, Inc. ("AT&T Parent"), the other Affiliates of AT&T whose names appear on the signature page of this Agreement (collectively, "Seller"), and Marcus Cable of Alabama, L.L.C., an Alabama limited liability company ("Buyer").

RECITALS

A. The parties desire to effect the transfer of substantially all of the assets of the Business (as defined below) owned by Seller to Buyer for cash.

B. The purpose of this Agreement is to set forth the definitive terms upon which such transfer will take place.

C. This Agreement is being made concurrently with that Reorganization Agreement between TCI TKR of Alabama, Inc., AT&T Parent, and Charter Communications, Inc. (the "Related Agreement").

AGREEMENTS

In consideration of the above recitals and the mutual agreements stated in this Agreement, the parties agree as follows:

1. DEFINITIONS.

In addition to terms defined elsewhere in this Agreement, the following capitalized terms, when used in this Agreement, will have the meanings set forth below:

1.1. 1992 Cable Act. The Cable Television Consumer Protection and Competition Act of 1992, as amended, and the FCC rules and regulations promulgated thereunder.

1.2. Affiliate. 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. For purposes of this Agreement, At Home Corporation and its subsidiaries and Liberty Media Corporation and its subsidiaries will not be treated as Affiliates of Seller.

1.3. Assets. All assets, properties, privileges, contracts, licenses, permits, franchises, authorizations, rights, interests, claims and other properties,

real and personal, tangible and intangible, of every type and description (a) that are owned, leased, held for use or used in the Business, and (b) in which Seller or any of its Affiliates has any right, title or interest or in which Seller or any of its Affiliates acquires any right, title or interest on or before the Closing Time. The Assets include the Franchises, Licenses, Intangibles, Contracts, Equipment (including Equipment used by AT&T Broadband Network Solutions, Inc. ("NSI"), solely in connection with the provision of services associated with the Systems or reflected in the Financial Statements, including under the Contracts between NSI and Third Parties listed on SCHEDULE 4.6), Books and Records, Real Property and deposits relating to the Business that are held by Third Parties for the account of Seller or for security for Seller's performance of its obligations, but excluding any Excluded Assets and any assets disposed of prior to the Closing Date in the ordinary course of business and not in violation of this Agreement.

1.4. AT&T. AT&T Broadband, LLC, a Delaware limited liability company.

1.5. Basic Services. The lowest tier of service offered to subscribers of a System.

1.6. Books and Records. All engineering records, files, data, drawings, blueprints, schematics, as-built System maps, reports, lists, title policies and title reports, plans, surveys, procedures and processes and all other files of correspondence, lists, records, agreements, amendments, notices, consents and reports to the extent concerning the Assets or the Business, including subscribers and prospective subscribers of the Systems, signal and program carriage and dealings with Governmental Authorities with respect to the Systems, including all reports filed with respect to the Systems by or on behalf of Seller or any of its Affiliates with the FCC and statements of account filed with respect to the Systems by or on behalf of Seller or any of its Affiliates with the U.S. Copyright Office, but excluding all corporate records, all financial and tax records not solely related to the operation of the Systems, and all documents, reports and records relating to any of the System Employees.

1.7. Business. The cable television business and other revenue-generating businesses and operations relating to the Systems that are conducted by Seller or any of its Affiliates through the Systems.

1.8. Business Day. Any day other than Saturday, Sunday or a day on which banking institutions in Denver, Colorado or New York, New York are required or authorized to be closed.

1.9. Closing. The consummation of the transactions contemplated by this Agreement, as described in Section 8.

1.10. Closing Date. The date on which the Closing occurs.

1.11. Closing Time. 11:59 p.m., local time at the location of the Assets, as applicable, on the Closing Date.

1.12. Communications Act. The Communications Act of 1934, as amended, and the rules and regulations of the FCC promulgated thereunder and currently in effect. Section 626 of the Communications Act refers to 47 U.S.C. section 546.

1.13. Contracts. All contracts, bonds, indentures, leases, notes, certificates, options, warrants, rights and other instruments, documents, obligations and agreements (in each case, other than Franchises, Licenses and those relating to Real Property), whether written or oral, to which Seller or any of its Affiliates is a party and which relate to the operation of the Business, including the lease agreements for Equipment, pole attachment agreements, underground conduit agreements, retransmission consent agreements, and multiple dwelling bulk billing or commercial service agreements.

1.14. Encumbrance. Any mortgage, lien, security interest, security agreement, conditional sale or other title retention agreement, consignment or bailment given for purposes of security, indenture, pledge, option, encumbrance, deed of trust, constructive trust or other trust, claim, attachment, charge, assessment, restriction on transfer or any exception to or defect in title or other ownership (legal or equitable) interest (including reservations, rights of way, possibilities of reverter, encroachments, protrusions, easements, rights of entry, rights of first refusal, rights of first offering, restrictive covenants, conditions, leases and licenses) of any kind, which constitutes an interest in property, whether arising pursuant to any Legal Requirement, License, Franchise, Contract or otherwise.

1.15. Environmental Law. Any applicable Legal Requirement relating to pollution or governing the protection of the environment, including CERCLA, OSHA, and RCRA and including Legal Requirements relating to emissions, discharges, releases or threatened releases of Hazardous Substances into the environment (including ambient air, surface water, ground water or land) or otherwise relating to the manufacture, processing, distribution, use, treatment, storage, disposal, transport, handling or presence of Hazardous Substances.

1.16. Equipment. All electronic devices, trunk and distribution coaxial and optical fiber cable, headend amplifiers, line amplifiers, drops, power supplies, conduit, vaults and pedestals, grounding and pole hardware, towers (other than towers on owned Real Property which are fixtures thereon and a part thereof), tower equipment, distribution systems, microwave equipment, subscriber's devices (including converters, encoders, transformers behind television sets and fittings), headend hardware (including origination, earth stations, transmission and distribution system), test equipment, vehicles, office equipment, computers and billing equipment, furniture, fixtures, supplies,

inventory and other tangible personal property owned or leased by Seller or any of its Affiliates and used in the Business.

1.17. Equivalent Basic Subscribers (or EBSs). As of any date of determination and for each Service Area served by a System, the sum of (a) the total number of private residential customer accounts that are billed by individual unit for at least Basic Services (regardless of whether such accounts are in single-family homes or in individually billed units in apartment buildings or other multi-unit buildings), but exclusive of "second connects" and "additional outlets" as such terms are commonly understood in the cable television industry; and (b) the quotient of (i) the total monthly billings for sales of Basic Services and Expanded Basic Services by such System for such Service Area during the most recent billing period ended prior to the date of calculation to commercial, bulk-billed and other accounts not billed by individual unit (whether on a discounted or non-discounted basis), but excluding billings in excess of a single month's charges for any account, divided by (ii) the standard monthly combined rate (without discount of any kind) charged by such System for such Service Area to individually billed subscribers for Basic Services and Expanded Basic Services offered by such System in effect during such billing period. For purposes of calculating the number of EBSs, there will be excluded: (A) all accounts billed by individual unit that are, and all billings to any commercial, bulk-billed and other accounts not billed by individual unit that are, more than 60 days past due in the payment of any amount in excess of the lesser of $7.50 or the standard rate charged for Basic Services at the time of determination; (B) any accounts billed by individual unit and all commercial, bulk-billed and other accounts not billed by individual unit that, as of the date of calculation, have not paid in full the charges for at least one full month of the subscribed service; (C) that portion of the billings to all accounts billed by individual unit included in clause (b) above and any commercial bulk-billed and other accounts not billed by individual unit representing an installation or other non-recurring charge, a charge for equipment or for any outlet or connection other than the first outlet or first connection in any individually billed unit or, with respect to a bulk account, in any residential unit (e.g., an individual apartment or rental unit), a charge for any tiered service other than Expanded Basic Services (whether or not included within Pay TV), any charge for Pay TV or a pass-through charge for sales Taxes, line-itemized franchise fees, fees charged by the FCC and the like; (D) any individually billed unit and all billings to any commercial, bulk-billed and other accounts not billed by individual unit whose service is pending disconnection for any reason; (E) any individually billed unit and all billings to any commercial, bulk-billed and other accounts not billed by individual unit that was solicited within the 60-day period preceding the Closing Date to purchase such services by promotions or offers of discounts other than those ordinarily made by Seller; and (F) any account for which Basic Services are provided free of charge.

1.18. Excluded Assets. All:

1.18.1. Programming Contracts (including music programming Contracts and Contracts with Starz!/Encore), cable guide Contracts (including TV Guide and interactive programming guide Contracts), and Contracts to which other cable systems of Seller or its Affiliates are subject (including the NCE Agreement, Contracts between Seller and its Affiliates and NSI, master retransmission consent Contracts, master billing Contracts and master multiple dwelling unit Contracts (but not any subordinate multiple dwelling unit Contracts that incorporate the terms of such master Contracts by reference)), other than any such Contracts (or interests therein) listed on SCHEDULE 4.6;

1.18.2. Seller Plans (as defined in Section 4.15.2) and any cash, reserve, trust or funding arrangement held or set aside for the payment of benefits under such Seller Plans;

1.18.3. Insurance policies and rights and claims under insurance policies (except as otherwise provided in Section 6.9);

1.18.4. Bonds, letters of credit, surety instruments and other similar items;

1.18.5. Except for petty cash to the extent transferred to Buyer, cash and cash equivalents, including cash relating to subscriber prepayments and deposits, and notes receivable;

1.18.6. Subject to Buyer's rights under Section 6.12, trademarks, trade names, service marks, service names, logos, patents, copyrights and other intellectual property or proprietary rights of Seller or any of its Affiliates, except for software which is not an Excluded Asset under Section 1.18.14;

1.18.7. Subscriber billing Contracts and related equipment if not owned by Seller or any of its Affiliates;

1.18.8. Assets, rights and properties of Seller or its Affiliates used or held for use other than primarily in connection with the business operations of the Systems; provided, however, notwithstanding the foregoing, Assets which produce revenues that are set forth on the Financial Statements will not constitute Excluded Assets pursuant to this Section 1.18.8;

1.18.9. Except (a) accounts receivable and (b) any other claim, right or interest to the extent reflected in the adjustment to the Purchase Price determined pursuant to Section 3.2, all claims, rights and interests in and to any refunds of, or amounts credited against, Taxes or fees of any nature, including franchise and copyright fees, or any other claims against Third Parties, relating to the operation of the Systems prior to the Closing Time;

1.18.10. Except as set forth on SCHEDULE 4.6, any employment, compensation, bonus, deferred compensation, consulting, collective bargaining agreements, agency or management Contracts;

1.18.11. All Business documents and records not included in the Books and Records (provided that copies of personnel files will be made available to Buyer for a period of three years after the Closing Date upon reasonable request by Buyer accompanied by a waiver and release from the employee whose records are sought in form and substance reasonably satisfactory to Seller);

1.18.12. Capital and vehicle leases;

1.18.13. Advertising sales agency or representation Contracts providing any Third Party or Affiliate of Seller the right to sell available advertising time for a System (including any Contract with National Cable Communications or Cable Networks, Inc.), other than any such Contract disclosed on SCHEDULE 4.6;

1.18.14. Proprietary software of Seller or its Affiliates and licenses relating to Third Party software and maintenance agreements with respect thereto, other than transferable licenses relating to Third Party software installed on computers included in the Assets;

1.18.15. Contracts for Internet access or on-line service arrangements that provide to any Third Party or Affiliate of Seller the right to use the transmission capacity of a System to provide Internet access or other on-line services over such System, other than those disclosed on SCHEDULE 4.6;

1.18.16. Contracts and related accounts receivable for providing DMX service to commercial accounts via direct broadcast satellite;

1.18.17. Contracts for telephony services to be provided to subscribers of the Systems through the Assets;

1.18.18. Intercompany receivables; and

1.18.19. The assets specifically disclosed on SCHEDULE 1.18.

1.19. Expanded Basic Service. Any video programming provided over a System, regardless of service tier, other than Basic Services, any new product tier and Pay TV.

1.20. FCC. The Federal Communications Commission and any successor Governmental Authority.

1.21. Franchises. The franchises, permits and similar authorizations included among the Assets (other than Licenses) described on SCHEDULE 4.5, and

all rights and benefits of Seller and its Affiliates pertaining thereto, including the rights and benefits arising under Section 626 of the Communications Act to the extent applicable to Franchises.

1.22. GAAP. Generally accepted accounting principles as in effect from time to time in the United States of America.

1.23. Governmental Authority. (a) The United States of America; (b) any state, commonwealth, territory or possession of the United States of America and any political subdivision thereof (including counties, municipalities and the like); or (c) any agency, authority or instrumentality of any of the foregoing, including any court, tribunal, department, bureau, commission, board or quasi-governmental authority.

1.24. Hazardous Substances. Any pollutant, contaminant, chemical, industrial, toxic, hazardous or noxious substance or waste which is regulated by a Governmental Authority, including (a) any petroleum or petroleum compounds (refined or crude), flammable substances, explosives, radioactive materials or any other materials or pollutants; (b) any "hazardous waste" as defined by the Resource Conservation and Recovery Act of 1976 (RCRA) (42 U.S.C. Sections 6901 et seq.), as amended, and the rules and regulations promulgated thereunder; (c) any "hazardous substance" as defined by the Comprehensive Environmental Response, Compensation and Liability Act of 1980 (42 U.S.C. Sections 9601 et seq.) (CERCLA), as amended, and the rules and regulations promulgated the Reunder; (d) any substance regulated by the Toxic Substances Control Act (TSCA) (42 U.S.C. Sections 2601 et seq.), or the Federal Insecticide, Fungicide and Rodenticide Act (FIFRA) (7 U.S.C. Sections 136 et seq.), each as amended, and the rules and regulations promulgated thereunder; (e) asbestos or asbestos-containing material of any kind or character; (f) polychlorinated biphenyls; (g) any substances regulated under the provisions of Subtitle I of RCRA relating to underground storage tanks; and (h) any materials or substances designated as "hazardous substances" pursuant to the Clean Water Act (33 U.S.C. Sec. 1251 et seq.); (i) any substance the presence, use, handling, treatment, storage or disposal of which is regulated or prohibited by any Environmental Law (j) any other substance which by any Environmental Law requires special handling, reporting or notification of any Governmental Authority in its collection, storage, use, treatment or disposal or (k) any other substance which is regulated by or pursuant to any Environmental Law.

1.25. Intangibles. Subscriber lists, accounts receivable, claims (excluding any claims relating to Excluded Assets), goodwill, if any, and any other intangible asset owned or held by Seller and used in the Business.

1.26. Knowledge. The actual knowledge of a particular matter of (a) one or more of the principal corporate personnel of Seller involved in the transactions contemplated by this Agreement, including Alfredo Di Blasio, Dan Buchanan, Karla Tartz, John Anglin, Jeff Walker and Scott Peden, or (b) any of

the general managers (or holders of positions of equivalent responsibility) of the Systems.

1.27. Legal Requirement. Any statute, ordinance, code, law, rule, regulation, permit, approval, order or other written requirement, standard or procedure enacted, adopted or applied by any Governmental Authority, including any judgment, writ, order, injunction, award or decree of any court, judge, justice or magistrate, including any bankruptcy court or judge or the arbitrator in any binding arbitration.

1.28. Licenses. The intangible cable television channel distribution rights, cable television relay service ("CARS"), business radio and other licenses, earth station registrations, authorizations, consents or permits issued by the FCC or any other Governmental Authority and related to the Business, including material state and local business licenses, including those described on SCHEDULE 4.5 (other than the Franchises) and all rights and benefits of Seller and its Affiliates pertaining thereto.

1.29. Losses. Any claims, losses, liabilities, damages, penalties, costs and expenses, including interest that may be imposed in connection therewith, expenses of investigation, reasonable fees and disbursements of counsel and other experts and settlement costs.

1.30. Material Adverse Effect. A material adverse effect on the Assets, the Business, the operations, condition (financial or otherwise) or results of operations of the Systems taken as a whole, or on the ability of Seller to perform its obligations under this Agreement, but without taking into account any effect resulting from (i) changes in conditions (including economic conditions, changes in FCC regulations or federal governmental actions, legislation or regulations) that are applicable to the economy or the cable television industry on a national basis, (ii) any changes in technology affecting the Business, or (iii) any competition from the direct broadcast satellite industry.

1.31. MVPD. A distributor of cable television services, multichannel multi-point distribution service, direct broadcast satellite service or television receive only satellite programming, who makes available for purchase, by subscribers or customers, multiple channels of video programming, other than Persons distributing such services only to multiple dwelling unit or other commercial customers (including hotels, motels, resorts, hospitals, dormitories, prisons, restaurants, bars and similar establishments).

1.32. Pay TV. Premium programming services selected by and sold to subscribers of the Systems on an a la carte basis for fees in addition to the fee for Basic Services or Expanded Basic Services.

1.33. Permitted Encumbrances. The following Encumbrances: (a) liens for Taxes, assessments and governmental charges not yet due and payable;

(b) zoning laws and ordinances and similar Legal Requirements; (c) any right reserved to any Governmental Authority to regulate the affected property (including restrictions stated in the Franchises and Licenses); (d) in the case of any leased Asset, (i) the rights of any lessor and (ii) any Encumbrance granted by any lessor of such leased Asset; (e) inchoate materialmens', mechanics', workmen's, repairmen's or other like inchoate Encumbrances arising in the ordinary course of business which constitute Assumed Obligations and Liabilities; (f) in the case of owned Real Property, any easements, rights-of-way, servitudes, permits, restrictions and minor imperfections or irregularities in title which do not individually or in the aggregate materially interfere with the right or ability to use, own, enjoy or operate the Real Property as currently being used and which do not impair the value of the Real Property or interfere with Seller's ability or right to convey good, marketable and indefeasible fee simple title to the owned Real Property (or in the case of leased or other Real Property, the right to convey such leasehold or other interest); (g) any Encumbrance (other than an Encumbrance securing a monetary obligation) that does not individually or in the aggregate interfere with the continued use of the Assets subject thereto in the operation of the Business as currently being used; and (h) those Encumbrances disclosed on SCHEDULE 1.33.

1.34. Person. Any natural person, corporation, partnership, trust, unincorporated organization, association, limited liability company, Governmental Authority or other entity.

1.35. Real Property. The Assets owned or leased by Seller or any of its Affiliates and used or useful in the Business consisting of realty, including appurtenances, improvements (including towers and headend storage buildings) and fixtures located on such realty, and any other interests in real property, including fee interests, leasehold interests and easements, rights of access, licenses, wire crossing permits, rights of entry (but not including interests in real property granted in Contracts in connection with services provided by Seller to the residents or occupants of such real property, including access and service Contracts with the owners of multiple dwelling unit complexes), options and rights of first refusal.

1.36. Required Consents. All authorizations, approvals and consents required under or in connection with any Legal Requirement or under any Assets, Franchises, Licenses, Real Property or Contracts required to be disclosed on SCHEDULE 4.6, for (a) Seller to transfer the Assets and the Business to Buyer, and (b) Buyer to conduct the Business and to own, lease, use and operate the Assets and Systems at the places and in the manner in which the Business is conducted and the Systems are operated as of the date of this Agreement and on the Closing Date.

1.37. Service Area. The municipalities and counties in and around which Seller operates the Systems and the Business, which are disclosed on SCHEDULE 1.39.

1.38. System Employees. All employees of Seller or of any Affiliate of Seller who are primarily engaged in the operation of the Business.

1.39. Systems. The cable television systems listed on SCHEDULE 1.39, which operate in and around the Service Area.

1.40. Taxes. All levies and assessments of any kind or nature imposed by any Governmental Authority, including all income, sales, use, offer, registration, ad valorem, value added, alternative or add-on minimum (including taxes under Section 59A of the Code), franchise, severance, net or gross proceeds, withholding, payroll, employment, social security (or similar), unemployment, disability, excise, real or personal property taxes and levies or assessments related to unclaimed property, together with any interest thereon and any penalties, additions to Tax or additional amounts applicable thereto, whether disputed or not.

1.41. Third Party. Any Person other than Seller or Buyer and their respective Affiliates.

1.42. Other Definitions. The following terms are defined in the Sections indicated:

Term	Section
Action	10.4
Agreement	preamble
Antitrust Division	6.7
Apportioned Obligations	6.10.2
Approved Leave of Absence	6.3.1
Assumed Obligations and Liabilities	2.2
AT&T Parent	preamble
Beneficiary	11.20.1
Bill of Sale	8.2(a)
Buyer	preamble
Buyer's Welfare Plans	6.3.5(a)(ii)
CARS	1.28
Code	8.2(e)
Disagreement Notice	3.3.1
ERISA	4.15.1
ERISA Affiliate	4.15.2
Escrow Agent	3.3.1
Escrow Amount	3.3.1
FAA	6.2.5(xv)
FCC Rate Forms	6.2.5(vii)
Final Adjustments Report	3.3.2
Final Allocation	3.4

Term	Section
Financial Statements	4.11
Franchise Consent Ratio	7.2.4
FTC	6.7
Guaranteed Obligations	11.20
Guaranty	11.20
HSR Act	6.7
Hired Employee	6.3.1
Indemnified Party	10.4
Indemnifying Party	10.4
NCE Agreement	6.3.7
New Properties	6.11
NSI	1.3
Offer/No Offer Schedule	6.3.1
Past Service	6.3.5(a)(ii)
Phase I Assessment	6.25.1
Phase II Assessment	6.25.1
Preliminary Adjustments Report	3.3.1
Prime Rate	11.13
Purchase Price	3.1
Qualified Intermediary	11.1
Related Agreement	recitals
Retained Assets	6.5.4
Retained Assets Management Agreement	6.5.4
Retained Franchises	6.5.4
Retained Purchase Price	6.5.4
Seller	preamble
Seller Plans	4.15.2
Subscriber Shortfall	3.2.7
Survival Period	10.1
System Employee Schedule	6.3.1
Taking	6.9.2
Threshold Amount	10.5
Transaction Documents	4.2
Transfer Tax Returns	6.10.1
Transitional Billing Services	6.13
Transitional HSD Services	6.14
Underlying Obligor	11.20
Underpayment	3.3.3
WARN	6.3.2

2. PURCHASE AND SALE OF ASSETS; ASSUMED OBLIGATIONS AND LIABILITIES.

2.1. Purchase and Sale of Assets. Subject to the terms and conditions set forth in this Agreement, at the Closing Time, Seller will sell to Buyer, and

Buyer will purchase from Seller, free and clear of all Encumbrances (except Permitted Encumbrances), the Assets.

2.2. Assumed Obligations and Liabilities. At the Closing Time, Buyer will assume, and after the Closing Time, Buyer will pay, discharge and perform, the following (the "Assumed Obligations and Liabilities"): (a) those obligations and liabilities accruing and relating to periods after the Closing Time under or with respect to the Assets assigned and transferred to Buyer at the Closing; (b) those obligations and liabilities of Seller to subscribers and customers of Seller's Business for (i) subscriber deposits held by Seller as of the Closing Date related to the Systems in the amount for which Buyer received credit under Section 3.2 and (ii) customer, advertising and other advance payments held by Seller as of the Closing Date related to the Systems in the amount for which Buyer received credit under Section 3.2; (c) all obligations and liabilities accruing and relating to the Business prior to the Closing Time but only to the extent that Buyer received a credit pursuant to Section 3.2; and (d) all other obligations and liabilities accruing and relating to periods after the Closing Time and arising out of Buyer's ownership of the Assets or operation of the Systems after the Closing Time, except to the extent that such obligations or liabilities relate to any Excluded Asset. All obligations and liabilities, contingent, fixed or otherwise, arising out of or relating to the Assets or the Systems other than the Assumed Obligations and Liabilities will remain and be the obligations and liabilities solely of Seller including any obligation, liability or claims relating to or arising pursuant to (w) Taxes (including franchise fees) arising out of or relating to the Assets or the Business and with respect to periods or portions thereof ending on or prior to the Closing Time, (x) refunds of rates, charges or late fees arising out of or relating to the Assets or the Business and with respect to periods through and including the Closing Time, (y) any claim, action, suit, proceeding, arbitration, investigation or hearing, any tolling, settlement or license agreement with respect to any of the foregoing, or any other activity or procedure, or any notice of any of the foregoing which could result in any judgment, writ, order, injunction, award or decree of any court, judge, justice or magistrate, including any bankruptcy court or judge or the arbitrator in any binding arbitration, and any order of or by any Governmental Authority arising out of or relating to the Assets or the Business and commenced, or related to an event occurring, on or prior to the Closing Time, or (z) credit, loan or other agreements arising out of or relating to the Assets or the Business and pursuant to which Seller or any of its Affiliates has created, incurred, assumed or guaranteed indebtedness for borrowed money or under which any Encumbrance securing such indebtedness has been or may be imposed on any Asset.

3. CONSIDERATION.

3.1. Purchase Price. Buyer will pay to Seller for the Assets total cash consideration of $198,300,000 (the "Purchase Price"), subject to adjustment as provided in Section 3.2. The Purchase Price will be paid at the Closing by wire

transfer of immediately available funds pursuant to wire instructions delivered by Seller to Buyer no later than two Business Days prior to the Closing Date:

3.2. Adjustments to Purchase Price. The Purchase Price will be adjusted as follows:

3.2.1. Adjustments on a pro rata basis as of the Closing Time will be made for all prepaid expenses other than inventory (but only to the extent the full benefit of such prepaid expenses will be realizable within twelve (12) months after the Closing Date), accrued expenses (including real and personal property Taxes), copyright fees and franchise or license fees or charges, prepaid income, subscriber prepayments and accounts receivable related to the Business, all as determined in accordance with GAAP consistently applied, and to reflect the principle that all expenses and income attributable to the Business for the period through and including the Closing Time are for the account of Seller, and all expenses and income attributable to the Business for the period after the Closing Time are for the account of Buyer. Notwithstanding the foregoing, the Purchase Price will only be increased by 98% of the accounts receivable; provided, further, that Seller will receive no credit for (a) any accounts receivable resulting from cable television services or Internet access or high speed data services of which more than $7.50 is 60 days or more past due from the billing date as of the Closing Date, (b) any accounts receivable resulting from advertising sales of which any portion is 120 days or more past due from the date of invoice as of the Closing Date, and (c) accounts receivable from customers whose accounts are inactive as of the Closing Date. For purposes of making "past due" calculations under clause (a) of the preceding sentence, the billing statements of a System will be deemed to be due and payable on the first day of the period during which the service to which such billing statements relate is provided.

3.2.2. The Purchase Price will be decreased by the amount of all advance payments to, or funds of Third Parties on deposit with, Seller as of the Closing Time and relating to the Business, including advance payments and deposits by subscribers served by the Business for converters, encoders, decoders, cable modems, cable television services and related sales.

3.2.3. The Purchase Price will be decreased by the amount of the economic value of all accrued vacation time that Buyer credits after the Closing Time to Hired Employees pursuant to Section 6.3, where economic value is the amount equal to the cash compensation that would be payable to each such Hired Employee at his or her level of compensation on the Closing Date for a period equal to such credited accrued vacation.

3.2.4. The Purchase Price will be increased by the amount of all deposits relating to the Business and the operation of the Systems that are held by Third Parties as of the Closing Time for the account of Seller which relate to the Systems or are held as security for Seller's performance of its obligations,

including deposits on leases and deposits for utilities, but excluding those which are or relate to Excluded Assets or the full benefit of which will not be available to Buyer following the Closing, and such deposits will become the property of Buyer.

3.2.5. The Purchase Price will be decreased by an amount equal to the excess (if any) of the total amount of capital expenditures set forth on the Systems' capital budget (a copy of which has been provided to Buyer) over the actual amount of capital expenditures as of the Closing Time made for such projects since December 31, 2000. The Purchase Price will be increased by an amount equal to the capital expenditures not included in such capital budget and incurred by Seller at Buyer's request in accordance with Section 6.2.2(y).

3.2.6. The Purchase Price will be decreased by $270,000 in respect of deferred revenue related to the portion of the Business conducted by NSI.

3.2.7. The Purchase Price will be decreased by the dollar amount equal to the product of (i) 56.66% of the Subscriber Shortfall multiplied by (ii) $2,371. For purposes of this Agreement, the "Subscriber Shortfall" equals the number, if any, by which the aggregate of the Equivalent Basic Subscribers for the Systems and the "Equivalent Basic Subscribers" for the "Systems," as described in the Related Agreement, as of the Closing Time is less than 146,124.

3.2.8. The adjustments provided for in this Section 3.2 will be made without duplication under this Agreement or the Related Agreement. In addition, none of the adjustments provided for in this Section 3.2 will be made with respect to any Excluded Asset or with respect to any item of income or expense related to an Excluded Asset.

3.2.9. The net amount of the adjustments calculated under this Section 3.2, as preliminarily determined pursuant to Section 3.3.1, will be added or subtracted, as applicable, to the Purchase Price at the Closing.

3.3. Determination of Adjustments. Preliminary and final adjustments to the Purchase Price will be determined as follows:

3.3.1. Not later than a date Seller reasonably believes is at least five Business Days prior to the Closing, Seller will deliver to Buyer a report (the "Preliminary Adjustments Report"), showing in detail the good faith preliminary determination of the adjustments referred to in Section 3.2, which have been calculated as of the Closing Time (or as of any other date and time agreed by the parties) and appropriate documents substantiating the adjustments proposed in the Preliminary Adjustments Report. Buyer will have three Business Days following receipt of the Preliminary Adjustments Report to review such Report and supporting information and to notify Seller of any disagreements of Buyer with Seller's estimates. If Buyer provides a notice of disagreement (the

"Disagreement Notice") with Seller's estimates of the adjustments referred to in Section 3.2 within such three Business Day period, Buyer and Seller will negotiate in good faith to resolve any such dispute and to reach an agreement prior to the Closing Date on such estimated adjustments as of the Closing Time. The basis for determining the Purchase Price to be paid at the Closing will be (a) the estimate so agreed upon by Buyer and Seller, (b) if the parties do not reach such an agreement on the estimated amount of the adjustments set forth in the Preliminary Adjustments Report prior to the Closing Date and the amount in dispute is less than or equal to $1,650,000 or if Buyer fails to provide a notice of disagreement with Seller's estimates of such adjustments within the requisite time provided, the estimates of such adjustments set forth in the Preliminary Adjustments Report or (c) if the parties do not reach such an agreement on the estimated amount of the adjustments set forth in the Preliminary Adjustments Report prior to the Closing Date and the amount in dispute is greater than $1,650,000, the estimates of such adjustments set forth in the Preliminary Adjustments Report less (i) an amount equal to the excess (if any) of (A) the Purchase Price based on the adjustments proposed by Seller set forth in the Preliminary Adjustments Report, over (B) the Purchase Price based on Buyer's estimate of such adjustments set forth in the Disagreement Notice or (ii) $2,750,000, whichever is less (the "Escrow Amount"). If the Purchase Price to be paid at Closing is determined under (c) above, Buyer will deposit the Escrow Amount into an escrow account (which will be held by Chase Manhattan Bank or other escrow agent which is mutually acceptable to Buyer and Seller (the "Escrow Agent") and governed by an escrow agreement substantially in the form of EXHIBIT B).

3.3.2. Within 90 days after the Closing Date, Seller will deliver to Buyer a report (the "Final Adjustments Report") showing in detail the final determination of all adjustments which were not calculated as of the Closing Time and containing any corrections to the Preliminary Adjustments Report, together with appropriate documents substantiating the adjustments proposed in the Final Adjustments Report. Buyer will provide Seller with reasonable access to all records that Buyer has in its possession and which are necessary for Seller to prepare the Final Adjustments Report.

3.3.3. Within 30 days after receipt of the Final Adjustments Report, Buyer will give Seller written notice of Buyer's objections, if any, to the Final Adjustments Report. If Buyer timely makes any such objection, the parties will agree on any items, if any, which are not in dispute within 30 days after Seller's receipt of Buyer's notice of objections to the Final Adjustments Report. Any disputed amounts will be determined by the accounting firm of Deloitte & Touche, which will be obligated to determine such amounts within 90 days after the dispute is submitted to it, and the determination of which will be conclusive. Seller and Buyer will bear equally the fees and expenses payable to such firm in connection with such determination. If the Purchase Price, as finally determined, exceeds the estimated Purchase Price actually paid to Seller at the Closing (such excess, the "Underpayment") and Buyer made a deposit into escrow pursuant to

Section 3.3.1, then Buyer and Seller will instruct the Escrow Agent to release to Seller the amount of the Underpayment, and to release to Buyer any remaining funds in the escrow account. If either (i) the amounts released to Seller from the escrow account are less than the amount of the Underpayment or (ii) no deposit to the escrow account was made pursuant to Section 3.3.1, Buyer will pay to Seller an amount equal to the Underpayment minus the amount, if any, released to Seller from the escrow account. If the estimated Purchase Price paid at the Closing exceeds the Purchase Price, as finally determined, then Buyer and Seller will instruct the Escrow Agent to release all funds, if any, in the escrow account to Buyer and Seller will pay to Buyer an amount equal to the excess of the Purchase Price, as finally determined, over the estimated Purchase Price paid at the Closing. Any such payments will be made by wire transfer of immediately available funds to the other party within three Business Days after the final determination of all disputed items.

3.4. Allocation of Purchase Price. No later than 120 days after Closing, Buyer will deliver to Seller a written estimate of the allocation of the Purchase Price, as finally determined pursuant to Section 3.3, and the Assumed Obligations and Liabilities, among the Assets, as such Assets existed immediately prior to the Closing Time. The parties will use reasonable good faith efforts to agree on the final allocation of the Purchase Price and the Assumed Obligations and Liabilities among the Assets within 60 days after delivery of Buyer's estimate of such allocation (the "Final Allocation"). In determining the Final Allocation, the Purchase Price and the Assumed Obligations and Liabilities will be allocated between the tangible assets and the Franchises acquired by Buyer by allocating to the tangible assets amounts equal to the book value of such tangible assets on the Closing Date and the remainder to the Franchises. Each Seller and Buyer will timely file any forms required to be filed under Section 1060 of the Code and any corresponding provision of state or local tax law. In addition, Seller and Buyer each agree (i) to file all Tax returns and determine all Taxes (including, without limitation, for purposes of Section 1060 of the Code) in accordance with and based upon the Final Allocation and (ii) not to take any position inconsistent with such Final Allocation in any audit or judicial or administrative proceeding or otherwise.

4. REPRESENTATIONS AND WARRANTIES OF SELLER.

All of the entities comprising Seller jointly and severally represent and warrant to Buyer, as of the date of this Agreement and as of the Closing, as follows:

4.1. Organization and Qualification. Each entity comprising Seller is duly organized, validly existing and in good standing under the laws of the state of its organization and has all requisite power and authority to own, lease and use the Assets as they are currently owned, leased and used and to conduct the Business as it is currently conducted. Each entity comprising Seller is duly qualified to do business and is in good standing under the laws of each jurisdiction where it operates the Business.

4.2. Authority and Validity. Seller has all requisite power and authority to execute and deliver, to perform its obligations under, and to consummate the transactions contemplated by, this Agreement and all other documents and instruments to be executed and delivered in connection with the transactions contemplated by this Agreement (collectively, the "Transaction Documents") to which Seller is a party. The execution and delivery by Seller of this Agreement has been duly authorized by all requisite entity action. The execution and delivery by Seller of the Transaction Documents to which Seller is a party, the performance by Seller of its obligations under and the consummation by Seller of the transactions contemplated by this Agreement and the Transaction Documents to which Seller is a party have been, or will by the Closing Date be, duly authorized by all requisite entity action. This Agreement is, and when executed and delivered by Seller the Transaction Documents will be, the valid and binding obligations of Seller, enforceable against Seller in accordance with their respective terms, except insofar as enforceability may be affected by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws now or hereafter in effect affecting creditors' rights generally or by principles governing the availability of equitable remedies.

4.3. No Conflict; Required Consents. Subject to obtaining the Required Consents, all of which are disclosed on SCHEDULE 4.3, and the receipt of any consent required or the expiration or termination of the applicable waiting period under the HSR Act, the execution and delivery by Seller, the performance of Seller under, and the consummation by Seller of the transactions contemplated by, this Agreement and the Transaction Documents to which Seller is a party do not and will not: (a) conflict with or violate any provision of the organizational documents of Seller; (b) violate any Legal Requirement in any material respect; (c) require any consent, waiver, approval or authorization of, or any filing with or notice to, any Governmental Authority or other Person; or (d) (i) violate, conflict with or constitute a breach of or default under (without regard to requirements of notice, lapse of time or elections of other Persons or any combination thereof), (ii) permit or result in the termination, suspension or modification of, (iii) result in the acceleration of (or give any Person the right to accelerate) the performance of Seller under, or (iv) result in the creation or imposition of any Encumbrance under, any Contract, Franchise or License or any other instrument evidencing any of the Assets, or any instrument or other agreement by which any of the Assets is bound or affected, except for purposes of clauses (c) or (d), above, any consents, waivers, approvals or authorizations required under any bulk Contracts relating to multiple dwelling units with less than 250 units.

4.4. Assets. Seller has good and marketable title in and to (or, in the case of Assets that are leased, valid leasehold interests in) the Assets (other than Real Property, as to which the representations and warranties in Section 4.7 apply). The Assets are free and clear of all Encumbrances, except (a) Permitted Encumbrances, (b) rights of first refusal stated in the Franchises and Licenses, each of which will be waived by the Person holding such right prior to the

Closing, and (c) Encumbrances disclosed on SCHEDULE 4.4. Except for the Excluded Assets, the Assets are all the assets necessary to permit Buyer to conduct the Business and to operate the Systems substantially as the Business is being conducted and the Systems are being operated on the date of this Agreement and in compliance with all applicable Legal Requirements and to perform all of the Assumed Obligations and Liabilities. Except as disclosed on SCHEDULE 4.4, all of the Equipment is in good operating condition and repair, ordinary wear and tear excepted, and is adequate for the operation of the Business.

4.5. Franchises and Licenses. Except as disclosed on SCHEDULE 4.5, Seller is not bound or affected by any (a) "franchise," as such term is defined in Section 602 of the Communications Act (47 U.S.C. 522), in connection with the operation of the Business, (b) license, authorization or permit issued by the FCC that relates to the Systems or the operation of the Business or (c) any licenses, authorizations or permits of any other Governmental Authority (other than those described in clauses (a) or (b)) which are individually or in the aggregate material to the Business or the Systems. Seller has provided Buyer with access to true and complete copies of each Franchise and License disclosed on SCHEDULE 4.5. SCHEDULE 4.5 discloses the specific Seller bound or affected by each Franchise. To the extent that SCHEDULE 4.5 fails to disclose the specific Seller bound or affected by each item listed thereon or any license, authorization or permit of any Governmental Authority, Seller will provide such information to Buyer within 30 days after the date of this Agreement. Except as disclosed on SCHEDULE 4.5, the Franchises and Licenses are currently in full force and effect under all applicable Legal Requirements according to their terms and Seller is not in breach or default of any terms or conditions thereunder and no event has occurred that, with notice or lapse of time or both would constitute a breach, violation or default thereunder by Seller. Except as disclosed on SCHEDULE 4.5, there is no legal action, governmental proceeding or investigation, pending or, to Seller's Knowledge, threatened, to terminate, suspend or modify any Franchise or License. Except as set forth on SCHEDULE 4.5, (a) the Franchises contain all of the commitments of Seller to the applicable Governmental Authority granting such Franchises with respect to the construction, ownership and operation of the Systems, and (b) other than as set forth in the Franchises, Seller has not made any commitment to any local franchising authority to make any expenditure or capital addition or betterment to any System or the Assets that will not be fulfilled or satisfied prior to the Closing Time. As of the date of this Agreement, except as disclosed on SCHEDULE 4.5, and other than any satellite master antenna television system which serves fewer than 1000 dwelling units and direct broadcast satellite television, with respect to each area in which the Systems currently provide cable television service: (a) no Third Party is operating a cable television system or other non-satellite MVPD other than a System in such area; (b) no construction programs have been substantially undertaken, or, to the Knowledge of Seller, are proposed to be undertaken, by any municipality or Third Party wireline cable television operator in the Service Area, (c) no franchise has been, or, to the Knowledge of Seller, is proposed to be, granted to

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any Third Party in the Service Area, other than franchises included in the Assets; and (d) to the Knowledge of Seller, no Third Party MVPD has applied for a cable television franchise or open video system or similar authorization to serve such area.

4.6. Contracts. All Contracts are disclosed on SCHEDULE 4.6, except for: (a) subscription agreements with individual residential subscribers or commercial establishments for the cable services provided by the Systems in the ordinary course of business; (b) miscellaneous service Contracts with Seller's vendors terminable at will or upon notice of 30 days or less without penalty; (c) Contracts not involving any monetary obligation in excess of $25,000; (d) bank financing documents; (e) Contracts constituting Excluded Assets; and (f) Contracts relating to services provided by Seller to residents of multiple dwelling unit complexes or to commercial accounts. Without limiting the foregoing, SCHEDULE 4.6 discloses all programming agreements, wireline crossing agreement, pole attachment agreements, fiber leases, Contracts between Seller and its Affiliates, retransmission consent agreements, capital leases of personal property and agreements limiting the right of the Systems to compete, except, in each case, such Contracts that are Excluded Assets. Seller has provided Buyer with access to true and complete copies of each of the written Contracts disclosed on SCHEDULE 4.6 and will provide Buyer access to all other Contracts (including descriptions of oral Contracts) of Seller within 30 days after the date of this Agreement. Seller will further provide Buyer with a complete list of all multiple dwelling unit complexes served by the Systems as of the date specified in such list. Each Contract is in full force and effect and constitutes the valid, legal, binding and enforceable obligation of Seller, and Seller is not in breach or default of any terms or conditions thereunder. To Seller's Knowledge no other party thereto is, in breach or default of any material terms or conditions thereunder.

4.7. Real Property.

4.7.1. All of the Assets consisting of Real Property interests are disclosed on SCHEDULE 4.7. To the extent that SCHEDULE 4.7 fails to disclose the specific Seller holding each interest listed thereon, Seller will provide such information to Buyer within 30 days after the date of this Agreement. Except as otherwise disclosed on SCHEDULE 4.7, Seller is the sole owner (both legal and equitable) and holds, or at the time of the Closing will hold, good and marketable fee simple absolute title to each parcel of Real Property disclosed as being owned by Seller on SCHEDULE 4.7 or is otherwise owned by Seller and all buildings, structures and improvements thereon and has the valid and enforceable right to use and possess such owned Real Property and improvements, in each case free and clear of all Encumbrances except for Permitted Encumbrances. Seller has valid and enforceable leasehold interests in the Real Property disclosed as being leased by Seller on SCHEDULE 4.7 or is otherwise leased by Seller and, with respect to other Real Property not owned or leased by Seller, Seller has the valid and enforceable right to use all other Real Property pursuant

to the easements, licenses, rights-of-way or other rights disclosed on SCHEDULE 4.7 or is otherwise used by Seller, and all improvements thereon owned by Seller and included in the Assets, in each case free and clear of all Encumbrances except for Permitted Encumbrances. With respect to leasehold interests and other material interests in Real Property, Seller is not in breach or default of any terms or conditions of any written instrument relating thereto and, to Seller's Knowledge, no other party thereto is in material breach or default of any terms or conditions of any such written instrument.

4.7.2. There are no leases or other agreements, oral or written, granting to any Person other than Seller the right to occupy or use any Real Property, except as disclosed on SCHEDULE 4.7. Seller has provided Buyer with access to true and complete copies of each of the written leases and other agreements disclosed on SCHEDULE 4.7, including all amendments and addenda thereto. Each parcel of Real Property owned or leased by Seller, any improvements constructed thereon and their current use, conforms in all material respects to (a) all applicable Legal Requirements, and (b) all restrictive covenants, if any, or other Encumbrances affecting all or part of such Real Property.

4.7.3. Except as disclosed on SCHEDULE 4.7, each parcel of owned Real Property and each parcel of leased Real Property (a) has access to and over public streets or private streets for which Seller has a valid right of ingress and egress, (b) conforms in its current use and occupancy in all material respects to all zoning requirements and (c) conforms in its current use in all material respects to all restrictive covenants, if any, or other Encumbrances affecting all or part of such parcel. There are no pending or, to Seller's Knowledge, threatened condemnation actions or special assessments or proceedings for changes in the zoning with respect to such Real Property or any part thereof and Seller has not received any notice of the desire of any Governmental Authority or other entity to take or use any Real Property or any part thereof. Seller has complied in all material respects with all notices or orders to correct violations of Legal Requirements issued by any Governmental Authority having jurisdiction against or affecting any of the Real Property.

4.8. Environmental Matters.

4.8.1. Except as disclosed on SCHEDULE 4.8: (a) to the Knowledge of Seller, the Real Property currently complies in all material respects with Environmental Laws; (b) neither the Real Property owned by Seller nor, to the Knowledge of Seller, the Real Property leased by Seller is the subject of any court order, administrative order or decree arising under any Environmental Law; and (c) the Real Property has not been used by Seller for the generation, storage, discharge or disposal of any Hazardous Substances except as permitted under Environmental Laws. Except as disclosed on SCHEDULE 4.8, Seller has not received any written notice from any Governmental Authority alleging that the Real Property is in violation of any Environmental Law, and no claim based on

any Environmental Law has been asserted to Seller in writing in the past or is currently pending or, to the Knowledge of Seller, threatened, with respect to any Real Property.

4.8.2. Seller has provided Buyer with complete and correct copies of (a) all studies, reports, surveys or other materials in Seller's possession or to which Seller has access relating to the actual or alleged presence, use, generation, release or disposal of Hazardous Substances at, on, under or affecting the Real Property, (b) all notices or other materials in Seller's possession or to which Seller has access that were received from any Governmental Authority respecting any Environmental Laws relating to the current or past ownership, use or operation of the Real Property or activities at the Real Property and (c) all notices and other materials in Seller's possession or to which Seller has access relating to any litigation or claim relating to the Real Property or other Assets or concerning any Environmental Law.

4.9. Compliance with Legal Requirements. Except as set forth on SCHEDULE 4.9:

4.9.1. The ownership, leasing and use of the Assets as they are currently owned, leased and used, and the conduct of the Business as it is currently conducted, do not violate or infringe in any material respect any Legal Requirements currently in effect (other than Legal Requirements described in Section 4.9.4, as to which the representations and warranties set forth in that subsection will exclusively apply). Seller has not received any notice of, and Seller has no Knowledge of, any basis for the allegation of any such violation or infringement.

4.9.2. A valid request for renewal has been duly and timely filed under Section 626 of the Communications Act with the proper Governmental Authority with respect to all Franchises that have expired prior to, or will expire within 30 months after, the date of this Agreement. Seller has not received notice from any Governmental Authority that it has determined or intends to deny renewal of any Franchise to which Seller is a party.

4.9.3. Seller has complied, and the Business is in material compliance with the Communications Act and the rules and regulations of the FCC, including all regulatory filings required thereunder and the technical standards set forth in Part 76, Subpart K, and with Section 111 of the U.S. Copyright Act of 1976 and the applicable rules and regulations of the U.S. Copyright Office and the Register of Copyrights, including the filing of all required Statements of Account with respect to each System since Seller's acquisition of such System.

4.9.4. Notwithstanding the foregoing and except as specifically limited herein, to Seller's Knowledge, each System is in compliance with the provisions of the Communications Act and FCC regulations, including provisions

pertaining to signal leakage, utility pole make ready, grounding and bonding of cable television systems (in each case as the same is currently in effect). Seller has complied with the must carry, retransmission consent, and commercial leased access provisions of the Communications Act and FCC regulations as they relate to the Systems. Seller has used commercially reasonable good faith efforts to establish rates charged to subscribers, effective since September 1, 1993, that would be allowable under the Communications Act, and rules and regulations promulgated by the FCC, and any authoritative interpretation thereof now or then in effect, whether or not such rates were subject to regulation at that date by any Governmental Authority, including any state regulatory agency, local franchising authority and the FCC. Notwithstanding the foregoing, Seller makes no representation or warranty that either the rates charged to subscribers of the Systems would be allowable under any rules and regulations of the FCC or any authoritative interpretation thereof, promulgated after the Closing Date.

4.9.5. All necessary FAA approvals have been obtained and all necessary FCC tower registrations have been filed with respect to the height and location of towers used in connection with the operation of the Systems, and such towers are being operated in compliance in all material respects with applicable FCC and FAA rules.

4.10. Patents, Trademarks and Copyrights. To the Knowledge of Seller, the operation of the Business as currently conducted does not violate or infringe upon the rights of any Person in any copyright, trademark, service mark, patent, license, trade secret or similar intellectual property right.

4.11. Financial Statements. Seller has delivered to Buyer correct and complete copies of its unaudited balance sheets and unaudited statements of operations for the Systems as of and for the periods ended December 31, 1999 and December 31, 2000 (the "Financial Statements"). The Financial Statements are in accordance with the books and records of Seller and fairly present, in all material respects, Seller's financial position and results of operations as of the dates and for the periods indicated, subject to normal year-end adjustments, allocations and accruals (none of which are deemed to be material to the operating cash flow of Seller). The Financial Statements reflect the fully allocated costs of operating the Systems, including all employee costs associated with operating the Systems. The Financial Statements have been prepared in accordance with GAAP, applied on a consistent basis throughout the periods covered thereby, except that they do not (a) reflect income taxes, (b) contain a statement of cash flows, (c) contain footnotes, or (d) fully reflect the allocation of AT&T Corp.'s purchase price to acquire Tele-Communications, Inc. for the 1999 period. Such purchase price allocations would primarily affect franchise costs, property and equipment, depreciation and amortization.

4.12. Absence of Certain Changes. Except as disclosed on SCHEDULE 4.12, since December 31, 2000: (a) no event or circumstance has occurred which, individually or in the aggregate, would reasonably be expected to have a

Material Adverse Effect; (b) Seller has operated the Business only in the usual, regular and ordinary course; and (c) there has been no sale, assignment or transfer of any material Assets, or any theft, damage, removal, destruction or casualty loss of any material property. As of the date of this Agreement, since December 31, 2000, there has been no material change in accounting principles or practices with respect to the Business or revaluation by Seller of the Assets for financial reporting, property tax or other purposes.

4.13. Legal Proceedings. Except as disclosed on SCHEDULE 4.13, (a) there is no judgment or order outstanding, or any action, suit, complaint, proceeding or investigation by or before any Governmental Authority or any arbitrator pending, or to Seller's Knowledge, threatened, involving or affecting all or any part of the Business or Seller, except as would not reasonably be expected to materially adversely affect the Systems or the Business; (b) there are no claims, actions, suits, proceedings or investigations pending or, to Seller's Knowledge, threatened, by or before any Governmental Authority, or any arbitrator, by, against, affecting or relating to Seller which, if adversely determined, would restrain or enjoin the consummation of the transactions contemplated by this Agreement or declare unlawful the transactions or events contemplated by this Agreement or cause any of such transactions to be rescinded; and (c) there are no current rate proceedings, must-carry complaints or other actions, suits, complaints, proceedings or investigations pending against Seller alleging noncompliance by the Systems of any Franchise or License.

4.14. Tax Returns; Other Reports. Seller has duly and timely filed all federal, state, local and foreign Tax returns and other Tax reports required to be filed by Seller, and has timely paid all Taxes which have become due and payable, whether or not so shown on any such return or report, the failure of which to be filed or paid could adversely affect or result in the imposition of an Encumbrance upon the Assets or create any transferee or other liability upon Buyer, except such amounts as are being contested diligently and in good faith. Except as disclosed on SCHEDULE 4.14, Seller has received no notice of, nor does Seller have any Knowledge of, any deficiency, assessment or audit, or proposed deficiency, assessment or audit from any taxing Governmental Authority which could affect or result in the imposition of an Encumbrance upon the Assets or create any transferee or other liability upon Buyer. Except as disclosed on SCHEDULE 4.14, the Assets are not subject to any joint venture, partnership or other arrangement or contract which is treated as a partnership for Federal Income tax purposes.

4.15. Employment Matters.

4.15.1. Seller has complied in all material respects with all applicable Legal Requirements relating to the employment of labor, including the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), continuation coverage requirements with respect to group health plans, and those relating to wages, hours, collective bargaining, unemployment insurance,

worker's compensation, equal employment opportunity, discrimination, immigration control and the payment and withholding of Taxes.

4.15.2. For purposes of this Agreement, "Seller Plans" means (a) each employee benefit plan (as defined in Section 3(3) of ERISA), other than any defined benefit plan subject to Title IV of ERISA or any multiemployer plan (as defined in Section 3(37) of ERISA), which is sponsored or maintained by Seller or its ERISA Affiliates or to which Seller contributes, and which benefits System Employees, or (b) each multiemployer plan (as defined in Section 3(37) of ERISA) or defined benefit plan subject to Title IV of ERISA sponsored or maintained by Seller or any of Seller's ERISA Affiliates or to which Seller or any of its ERISA Affiliates is obligated to contribute. The Seller Plans in which any System Employee participates are disclosed on SCHEDULE 4.15.2. None of Seller, any Seller Plan other than a multiemployer plan (as defined in Section 3(37) of ERISA), or, to the Knowledge of Seller, any Seller Plan that is a multiemployer plan (as defined in Section 3(37) of ERISA), is in material violation of any provision of ERISA or the Code for which Buyer will have any liability after the Closing Date. No (i) "reportable event" described in Sections 4043(c)(1), (2), (3), (5), (6), (7), (10) and (13) of ERISA, (ii) non-exempt "prohibited transaction" (as defined in Section 406 of ERISA or Section 4975 of the Code), (iii) "accumulated funding deficiency" (as defined in Section 302 of ERISA) or (iv) "withdrawal liability" (as determined under Section 4201 et seq. of ERISA) has occurred or exists and is continuing with respect to any Seller Plan. "ERISA Affiliate" means, as to any Person, any trade or business, whether or not incorporated, which together with such Person would be deemed a single employer as determined under Section 4001 of ERISA. There are no Liens against the Assets under Section 412(n) of the Code or Sections 302(f) or 4068 of ERISA. At the Closing, Buyer will have no obligation to contribute to, or any liability in respect of, any Seller Plan, or any similar employment, severance or other arrangement or policy (whether written or oral) providing for insurance coverage (including self-insured arrangements), workers' compensation, disability benefits, supplemental unemployment benefits, vacation benefits (except as provided in this Agreement), fringe benefits or retirement benefits, or for profit sharing, deferred compensation, bonuses, stock options, stock appreciation or other forms of incentive compensation or post-retirement insurance, compensation or benefits, sponsored or maintained by Seller or any of its ERISA Affiliates, or to which Seller or any of its ERISA Affiliates is obligated to contribute.

4.15.3. Except as disclosed on SCHEDULE 4.15, as of the date of this Agreement, no collective bargaining agreements are applicable to any System Employee and Seller has no duty to bargain with any labor organization with respect to any System Employees. None of the collective bargaining agreements applicable to any System Employee require Seller to impose the collective bargaining agreement upon Buyer. Except as disclosed on SCHEDULE 4.15, as of the date of this Agreement, there are not pending, or to Seller's Knowledge, threatened, any labor disputes, unfair labor practice charges,

material labor arbitration proceedings or labor grievances against Seller, any demand for recognition or any other request or demand from a labor organization for representative status with respect to any System Employee. Except as disclosed on SCHEDULE 4.15, Seller has no employment agreements, either written or oral, with any System Employee. Except as disclosed on SCHEDULE 4.15, there are no work stoppages, strikes or other concerted activities by employees of Seller pending, or to Seller's Knowledge, threatened against Seller.

4.16. System Information. With respect to each of the Systems, disclosed on SCHEDULE 4.16 are (a) the approximate number of plant miles (aerial and underground) for the System, (b) the minimum bandwidth capability, channel capacity and two-way capability of each headend, (c) the stations and signals carried by the System and (d) the channel position of each such signal and station (including a designation of which broadcast stations are distributed pursuant to a retransmission consent and which are distributed pursuant to a must-carry election), which information is true and correct in all material respects, in each case as of the applicable dates specified therein and subject to any qualifications set forth therein. Also disclosed on SCHEDULE 4.16 are the approximate number of homes passed by the System, and the number of subscribers of the System as of the applicable dates and calculated pursuant to the methodology specified therein. Seller has delivered to Buyer information on the channel lineups and the monthly rates charged for each class of service for the Systems (including installation charges), which information is true and correct in all material respects, in each case as of the applicable dates specified therein and subject to any qualifications set forth therein.

4.17. Finders and Brokers. Other than Daniels & Associates (whose fees will be paid by Seller), Seller has not employed any financial advisor, broker or finder or incurred any liability for any financial advisory, brokerage, finder's or similar fee or commission in connection with the transactions contemplated by this Agreement for which Buyer could be liable.

4.18. Disclosure. Any item required to be disclosed on more than one Schedule to this Agreement will be deemed properly disclosed on another Schedule if it is disclosed on any Schedule to this Agreement, as long as such disclosure includes an appropriate cross-reference or it is reasonably apparent from the face and context of the item disclosed that it should be disclosed on such other Schedule.

5. BUYER'S REPRESENTATIONS AND WARRANTIES.

Buyer represents and warrants to Seller, as of the date of this Agreement and as of the Closing, as follows:

5.1. Organization and Qualification. Buyer is a limited liability company duly organized, validly existing and in good standing under the laws of Delaware and has all requisite power and authority to carry on its business as

currently conducted and to own, lease, use and operate its assets. Buyer is duly qualified to do business and is in good standing under the laws of each jurisdiction in which the character of the properties owned, leased or operated by it or the nature of the activities conducted by it makes such qualification necessary.

5.2. Authority and Validity. Buyer has all requisite power and authority to execute and deliver, to perform its obligations under, and to consummate the transactions contemplated by, this Agreement and the Transaction Documents. The execution and delivery by Buyer of, the performance by Buyer of its obligations under, and the consummation by Buyer of the transactions contemplated by, this Agreement and the Transaction Documents to which Buyer is a party have been duly authorized by all requisite entity action. This Agreement is, and when executed and delivered by Buyer, the Transaction Documents will be, the valid and binding obligations of Buyer, enforceable in accordance with their respective terms, except insofar as enforceability may be limited or affected by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws now or hereafter in effect affecting creditors' rights generally or by principles governing the availability of equitable remedies.

5.3. No Conflicts; Required Consents. Subject to the receipt of any consent or the expiration or termination of the applicable waiting period under the HSR Act, and assuming the Required Consents have been obtained, the execution and delivery by Buyer, the performance of Buyer under, and the consummation by Buyer of the transactions contemplated by, this Agreement and the Transaction Documents to which Buyer is a party do not and will not: (a) violate any provision of the organizational documents of Buyer; (b) violate any material Legal Requirement; or (c) require any consent, waiver, approval or authorization of, or any filing with or notice to, any Person.

5.4. Finders and Brokers. Buyer has not employed any financial advisor, broker or finder or incurred any liability for any financial advisory, brokerage, finder's or similar fee or commission in connection with the transactions contemplated by this Agreement for which Seller could be liable.

5.5. Legal Proceedings. There are no claims, actions, suits, proceedings or investigations pending or, to Buyer's knowledge, threatened, by or before any Governmental Authority, or any arbitrator, by, against, affecting or relating to Buyer which, if adversely determined, would restrain or enjoin the consummation of the transactions contemplated by this Agreement or declare unlawful the transactions or events contemplated by this Agreement or cause any of such transactions to be rescinded.

6. ADDITIONAL COVENANTS.

6.1. Access to Premises and Records. Between the date of this Agreement and the Closing Date, upon reasonable advance notice from Buyer to

Seller, Seller will give Buyer and its representatives reasonable access during normal business hours to all the premises and the Books and Records of the Business, to all the Assets, to the general managers of the Systems, and to other AT&T corporate personnel to the extent reasonably necessary to effect a transition of the operations of the Systems to Buyer following the Closing, and will furnish to Buyer and its representatives all information regarding the Business, the Assets and, to the extent reasonably necessary to effect any transition with respect to any Excluded Assets, the Excluded Assets, as Buyer may from time to time reasonably request. No investigation will affect or limit the scope of any of the representations, warranties, covenants and indemnities of the other in this Agreement or in any Transaction Document or limit liability for any breach of any of the foregoing. Buyer will use commercially reasonable efforts to give Seller prompt notice of Buyer's discovery of any event or condition that could constitute such a breach. All requests for access to AT&T corporate personnel will be made to Patty Conroy, at 303-858-3609.

6.2. Continuity and Maintenance of Operations; Financial Statements. Except as Buyer may otherwise consent in writing (which consent, when requested in connection with any conduct described in Sections 6.2.1, 6.2.2, 6.2.3 or 6.2.7, will not be withheld unreasonably), until the Closing:

6.2.1. Seller will conduct the Business in good faith and operate the Systems only in the ordinary course consistent in all material respects with past practices, and will use commercially reasonable efforts, to the extent consistent with such conduct and operation, to (a) preserve the Business intact, including preserving existing relationships with franchising authorities, suppliers, customers and others having business dealings with Seller relating to the Business and (b) keep available the services of the System Employees (but will be under no obligation to incur any costs in addition to what Seller is currently incurring to do so).

6.2.2. Seller will maintain the Assets in good repair, order and condition (ordinary wear and tear excepted), will maintain Equipment and inventory for the Systems at normal historical levels consistent with past practices (as adjusted to account for abnormally high inventory levels related to construction activity), will maintain in full force and effect, policies of insurance with respect to the Business in such amounts and covering such risks as customarily maintained by operators of cable television systems of similar size and geographic location as the Systems, and will maintain its books, records and accounts in the ordinary manner on a basis consistent with past practices. Seller will (a) only report and write off accounts receivable in accordance with past practice, (b) withhold and pay when due all Taxes relating to System Employees, the Assets or the System, (c) maintain service quality of the Systems at a level at least consistent with past practices, (d) file with the FCC all reports required to be filed under applicable FCC rules and regulations, and (e) comply in all material respects with all Legal Requirements with respect to the Systems. Seller will (x) undertake capital programs contemplated by the System's capital

budget, (y) exercise good faith efforts to expend the amount described on its capital budget in accordance with the categories described with respect to each such capital program and (z) undertake capital programs reasonably requested by Buyer, provided that such requests do not, in the aggregate, require capital expenditures in excess of $10,000,000, and would not reasonably be expected to cause Seller to breach any Contract by which it is bound or any Legal Requirement or hinder or delay the Closing.

6.2.3. Seller will not, except as disclosed on SCHEDULE 6.2: (a) sell, transfer or assign any portion of the Assets other than sales in the ordinary course of business; (b) modify, terminate, renew (other than in the ordinary course or as required by this Agreement) suspend or abrogate any Franchises, Licenses or material Contracts (other than those constituting Excluded Assets); (c) enter into any non-ordinary course Contract or commitment involving an expenditure in excess of $50,000 individually, or $500,000 in the aggregate, other than Contracts or commitments which are cancellable on 30 days' notice or less without penalty and other than as contemplated by this Agreement; (d) modify its procedures for disconnection and discontinuation of service to subscribers whose accounts are delinquent; (e) except in accordance with an AT&T-wide plan or program (in which case Seller will give prior notice to Buyer) increase the compensation or materially change any benefits (other than severance benefits) available to System Employees, except as required pursuant to existing written agreements, or in the ordinary course of business consistent with past practice; (f) create, assume or permit to exist any Encumbrance (other than Permitted Encumbrances) on any of the Assets, other than any Encumbrance which will be released at or prior to the Closing; (g) make any Cost of Service Election; (h) enter into any agreement with or commitment to any competitive access provider and/or local exchange company or any internet access or on-line services provider with respect to the use or lease of any of the Assets; (i) enter into any collective bargaining agreement covering the System Employees who are not now covered by a collective bargaining agreement or enter into any new bonus, stock option, profit sharing, compensation, pension, welfare, retirement, employment or similar agreement that would create any liability to Buyer after the Closing Date, except where required by any Legal Requirement; (j) decrease the rate charged for any level of Basic Services, Expanded Basic Services or any Pay TV, except to the extent required by any Legal Requirement or, except as expressly permitted by SCHEDULE 6.2 or in connection with any rebuild, add, delete, retier or repackage any analog programming services, in each case except to the extent required under the 1992 Cable Act or any other Legal Requirement; provided, however, that if rates are decreased in order to so comply, Seller will provide Buyer with copies of any FCC forms (even if not filed with any Governmental Authority) used to determine that the new rates were required; (k) engage in any marketing, subscriber installation, collection or disconnection practices outside the ordinary course of business or inconsistent with past practice; (l) enter into, modify or amend any Contract for any fiber or fiber capacity lease or use arrangements; (m) offer telephony or related services in Systems where such services are not offered as of the date of this Agreement; or

(n) convert any of the Systems to any billing system or otherwise change billing arrangements for any of the Systems.

6.2.4. Seller will deliver to Buyer true and complete copies of any monthly and quarterly financial statements and operating reports with respect to the Business which are prepared by or for Seller in the ordinary course of business at any time between the date of this Agreement and the Closing Date, including System level and consolidated state level expanded and detailed statements of operating income and cash flow with respect to the Business. Seller will further promptly deliver to Buyer any other reasonable financial information related to the Systems requested by Buyer. Prior to Closing, Seller will provide prompt notice to Buyer of any change in accounting principles or practices with respect to the Business or revaluation by Seller of the Assets for financial reporting, property tax or other purposes.

6.2.5. Within 30 days after the date of this Agreement, or with respect to items that are prepared, filed or received by Seller after the date hereof, within 5 Business Days after the date of preparation, filing or receipt, Seller will provide to Buyer true and complete copies of each of the following items (unless previously provided):

(i) each Franchise and License related to the Systems;

(ii) all pending applications relating to any Franchise or License pending before any Governmental Authority;

(iii) a list setting forth the expiration date of all Franchises, Licenses, Authorizations and permits listed on SCHEDULE 4.5;

(iv) any pending notice received from any Governmental Authority that it has determined or intends to terminate, modify or deny renewal of any Franchise to which Seller is a party;

(v) all pending requests for renewal with respect to any Franchise filed under Section 626 of the Communications Act;

(vi) any relevant documentation supporting an exemption from the rate regulation provisions of the 1992 Cable Act claimed by Seller with respect to the Systems;

(vii) the most recent applicable FCC Forms 328, 329, 393, 1200, 1205, 1210, 1215, 1220, 1235 and 1240 and other FCC rate forms (collectively, the "FCC Rate Forms"), if any, filed with any Governmental Authority with respect to any of the Systems;

(viii) all historical FCC Rate Forms filed with any Governmental Authority with respect to any of the Systems where there is a rate issue pending (including any accounting order or rate order on appeal);

(ix) all other reports, filings and correspondence made or filed with the FCC or pursuant to the FCC rules and regulations filed after the date which is one year prior to the date of this Agreement;

(x) all complaints, petitions, answers, responses and other filings made with or by any Governmental Authority in connection with any rate orders issued by such Governmental Authority or any appeal therefrom with respect to any Franchise or any System;

(xi) all documentation relating to any System with respect to the carriage of broadcast signals under current must-carry and retransmission consents;

(xii) any social contract entered into with the FCC in respect of any System with regard to rate regulation, subscriber refunds and other matters;

(xiii) all reports, filings and correspondence with respect to any System made or filed with the U.S. Copyright Office or pursuant to the U.S. Copyright Office rules and regulations on or after the date which is three years prior to the date of this Agreement;

(xiv) a schedule setting forth the ownership, height (with and without appurtenances), location (address, latitude, longitude and ground elevation), structure type and FCC call signs of each tower used in connection with the operation of the Systems;

(xv) all available Federal Aviation Administration ("FAA") final determinations (if applicable) and FCC registrations for all such towers;

(xvi) all Contracts and Real Property agreements related to the Systems;

(xvii) a list of all headends, Franchises and unfranchised communities indicating the number of basic subscribers served in each; and

(xviii) a schedule setting forth (i) the cities, towns, villages, boroughs and counties served by each system; (ii) the approximate number of single family and residential and commercial MDUs passed by each Franchise and System; and (iii) the FCC CUID numbers for each Franchise.

6.2.6. Each month, Seller will deliver to Buyer, a schedule indicating the then current status of the Required Consents marked with an asterisk on SCHEDULE 4.3 and what action has been taken by Seller with respect to obtaining such Required Consents. Beginning 60 days after the date of this Agreement, Seller will provide weekly updates (by telephone, electronic mail or in writing) to Buyer regarding the status of such Required Consents.

6.2.7. Seller will use its commercially reasonable efforts to challenge and contest any litigation brought against or otherwise involving Seller that could result in the imposition of Legal Requirements that could cause the conditions to the Closing not to be satisfied, or to settle such litigation. Seller will not, without Buyer's consent, enter into any settlement of any litigation that will bind Buyer or any System to any material obligation following the Closing, impose any liability on Buyer following the Closing, or otherwise breach any representation or covenant contained in this Agreement.

6.2.8. Seller will cause its appropriate Affiliates to be bound by and comply with the provisions of this Section 6.2 to the extent such Affiliates own, operate or manage any of the Assets or Systems.

6.2.9. In the event that Seller is notified of any proposal with respect to the creation, deletion or modification of any so called "open access" provision that would be applicable to any System, whether imposed by a Franchise, state or local law, or state or local regulation, mandating that the franchisee permit one or more Internet service providers that are not affiliated with the franchisee to offer service over the franchisee's System facilities, Seller will provide Buyer with notice of such proposal, will provide Buyer with information regarding such proposal as Buyer reasonably requests, and will permit Buyer to provide input to AT&T regarding AT&T's negotiations and discussions with respect to such proposal.

6.3. Employee Matters.

6.3.1. Except as set forth in this Section 6.3.1, Buyer may, but will have no obligation to, employ or offer employment to, any or all System Employees. Within 30 days after the date of execution of this Agreement, Seller will provide to Buyer a schedule of all System Employees by work location as of a recent date, showing the original hire date, the then-current positions and rates of compensation, rate type (hourly or salary) and scheduled hours per week, and whether the employee is subject to an employment agreement, a collective bargaining agreement or represented by a labor organization (the "System Employee Schedule"). Buyer will maintain the System Employee Schedule in strict confidence. The System Employee Schedule will be updated as necessary to reflect new hires or other personnel changes. Within 60 days after receipt of the System Employee Schedule, or such other date as the parties may agree, Buyer will provide Seller in writing a schedule of the System Employees Buyer will offer to employ following the Closing (the "Offer/No Offer Schedule"), subject only to the pre-hire evaluations permitted by this Section 6.3.1. Buyer will provide in writing notification of such offer, subject only to the pre-hire evaluations permitted by this Section 6.3.1, to each System Employee included on the Offer/No Offer Schedule no later than 30 days prior to the Closing. Seller agrees, and will cause its appropriate Affiliates, to cooperate in all reasonable respects with Buyer to allow Buyer or its Affiliates to evaluate its System Employees to make hiring decisions. In this regard, Buyer will have the

opportunity to make such appropriate pre-hire investigation of the System Employees, as Buyer deems necessary, including the right to review personnel files and the right to interview such employees during normal working hours so long as such interviews are conducted after notice to Seller and do not unreasonably interfere with Seller's operations and such investigations and interviews do not violate any Legal Requirement. Seller agrees, and will cause its appropriate Affiliates, to cooperate in all reasonable respects with Buyer to allow Buyer or its Affiliates to evaluate its System Employees to make hiring decisions so long as Buyer provides notice to Seller and such evaluation does not unreasonably interfere with Seller's operations and such evaluations do not violate any law or Contract. All offers for initial employment with Buyer will be for employment with substantially similar responsibilities at a geographic location within a 35-mile radius of such System Employee's primary place of employment and same base compensation such System Employee is receiving as of the Closing Date. Seller acknowledges that nothing in this Agreement will restrict Buyer from changing a Hired Employee's job description, responsibilities, location, salary or benefits following the Closing. To the extent consent is required by applicable law, Seller will use good faith efforts to obtain the consent of each of its System Employees to allow Buyer to review personnel files in connection with the foregoing. Buyer or its Affiliates may, if it wishes, condition any offer of employment upon the employee's passing a pre-employment drug screening test, the completion of a satisfactory background check and, if the employee is on Approved Leave of Absence, upon the employee's return to active service (with or without reasonable accommodations) within 12 weeks after the Closing Date or, if earlier, on the first Business Day following expiration of the employee's Approved Leave of Absence. For purposes of this Agreement, employees on "Approved Leave of Absence" means employees absent from work on the Closing Date and unable to perform their regular job duties by reason of illness or injury under approved plans or policies of the employer (other than employee's absence for less than five days due to short term illness or injury not requiring written approval by the employer) or otherwise absent from work under approved or unpaid leave policies of the employer. Buyer will bear the expense of such examination but Seller will, upon reasonable notice, cooperate in the scheduling of such examinations so long as the examinations do not unreasonably interfere with Seller's operations. The selection of employees to be offered employment by Buyer will be made at the sole and absolute discretion of Buyer. As of the Closing Date, Buyer will have no obligation to Seller, its Affiliates or to the Seller's employees, with regard to any employee it has determined not to hire. As of the Closing Date, Seller will, and will cause its appropriate Affiliates to, terminate the employment of all System Employees that are hired by Buyer or its Affiliates (the "Hired Employees") as of the Closing Date. Notwithstanding any of the foregoing, from the date hereof until the Closing, and other than in connection with offers of employment to such employees to take effect at the Closing, Buyer agrees not to solicit for employment prior to the Closing (other than through general advertisements), without the written consent of the other, any System Employee.

6.3.2. As of the Closing Date, Seller will be responsible for and will cause to be discharged and satisfied in full or, with respect to Seller Plans, will have adequately funded or reserved for, all amounts due and owing to each System Employee (whether or not such employees are hired by Buyer as of or after the Closing) with respect to and in accordance with the terms of all compensation plans or Seller Plans, including without limitation, any compensation including salaries, commissions, deferred compensation, severance (if applicable), insurance, pension, profit sharing, disability payment, medical, sick pay, holiday, accrued and unused vacation in excess of the amount Buyer assumes pursuant to this Section, payments under any incentive compensation or bonus agreement, in each case, which has accrued on or prior to the Closing Date and other compensation or benefits to which they are entitled for periods prior to the Closing Date (and, for Employees on Approved Leave of Absence, until their termination by Seller, or its appropriate Affiliate, or their employment by Buyer, or its appropriate Affiliate, as set forth in Section 6.3.1). Seller will satisfy any legal obligation with respect to continuation of group health coverage required pursuant to Section 4980B of the Code or Section 601, et seq., of ERISA with respect to all System Employees whose employment with Seller or any of Seller's ERISA Affiliates terminates on or before the Closing Date. Any liability under the Worker Adjustment and Retraining Notification Act, 29 U.S.C. Section 2101, et seq. ("WARN") with regard to any employee terminated on or prior to the Closing Date, or not hired by Buyer on or after the Closing Date, will, as a matter of contract between thE parties, be the responsibility of Seller. Buyer will cooperate with Seller and Seller's Affiliates, if requested, in the giving of WARN notices on behalf of the other party.

6.3.3. Buyer and Seller hereby acknowledge and agree that, pursuant to the authority of Revenue Ruling 2000-27, the transactions contemplated by this Agreement will result in a permissible distribution event under Section 401(k) of the Code from any Seller Plan designed to satisfy the requirements of Section 401(k) of the Code.

6.3.4. Except as otherwise expressly provided pursuant to the terms of this Agreement, Buyer will not have or assume any obligation or liability under or in connection with any Seller Plan. In regard to any System Employee on an Approved Leave of Absence, such responsibility for benefit coverage of such System Employee, and liability for payment of benefits, will remain that of Seller, or the appropriate Affiliate of Seller, until such employee becomes an employee of the Buyer after the Closing pursuant to Section 6.3.1 or is terminated by Seller or its appropriate Affiliate. For purposes of this Agreement, the following claims and liabilities will be deemed to be incurred as follows: (i) medical, dental and/or prescription drug benefits upon the rendering of the medical, dental, pharmacy or other services giving rise to the obligation to pay such benefits except with respect to such benefits provided in connection with a continuous period of hospitalization, which will be deemed to be incurred at the time of admission to the hospital; (ii) life, accidental death and dismemberment and business travel accident insurance benefits and workers' compensation

benefits, upon the occurrence of the event giving rise to such benefits; and (iii) salary continuation or other short-term disability benefits, or long-term disability, upon commencement of the disability giving rise to such benefit.

6.3.5. (a) Notwithstanding anything to the contrary herein, Buyer will:

(i) upon receipt of a schedule showing the vacation balances and value of such balances of each Hired Employee (as defined below), which schedule will be delivered by Seller to Buyer within 10 days after the Closing, credit each Hired Employee the amount of vacation time (but not sick time) permitted to be accrued by employees of Buyer in accordance with Buyer's standard practices (to a maximum of four weeks) accrued and unused by him or her as a System Employee through and including the Closing Date to the extent Buyer has received an adjustment to the Purchase Price therefor; provided, however, that if any Hired Employee has accrued vacation time in excess of the amount transferred to Buyer, then Seller will, and will cause its appropriate Affiliate to, pay to such employee the amount of such excess and Buyer will not assume any liability or obligation in respect of such excess;

(ii) give each Hired Employee credit for such employee's past service with Seller and its Affiliates as of the Closing Date as reflected on the System Employee Schedule (which may include past service with any prior owner or operator of the Systems) ("Past Service") for purposes of eligibility to participate in Buyer's employee welfare benefit (including medical, dental, flexible spending accounts, accident, life insurance plans and programs, disability plans, and other employee welfare benefits) plans (the "Buyer's Welfare Plans") that are generally available to similarly situated employees of Buyer and such employees' dependents;

(iii) give each Hired Employee credit for such employee's Past Service for purposes of participation and vesting under Buyer's employee 401(k) plan, provided that Buyer will not be obligated to establish a special entry date under such plan for Hired Employees;

(iv) give each Hired Employee credit for such employee's Past Service with Seller and its Affiliates as of the Closing Date for any waiting periods under Buyer's Welfare Plans that are generally available to similarly situated employees of Buyer and except to the extent any Hired Employees were subject to any limitations on benefits for any preexisting conditions or requirements for evidence of insurability under Seller's Plans, not subject any Hired Employees to such limitations, provided that the treatment is covered under Buyer's group health plans; and

(v) credit each Hired Employee under any Buyer group health plan for any deductible amount and out of pocket expenses and similar limits applicable and previously met by such Hired Employee as of the Closing

Date under any of the group health plans of Seller or its Affiliates for the plan year in which the transfer of employment occurs.

(b) Notwithstanding anything set forth in Section 6.3.5(a), Buyer will have no obligation to System Employees who are Employees on Approved Leave of Absence until they become employees of Buyer pursuant to Section 6.3.1 hereof.

6.3.6. If Buyer discharges any Hired Employee without cause within 90 days after the Closing Date, then Buyer will pay severance pay to such Hired Employee in accordance with Seller's severance benefit plan in effect as of the Closing, taking into account such Hired Employee's Past Service as well as such Hired Employee's period of employment with Buyer for purposes of calculating severance pay under such plan. Seller will reimburse Buyer upon request if and to the extent such severance pay exceeds the severance pay that would have been payable under Seller's severance benefit plan in effect as of the date of this Agreement. Following such 90-day period, each Hired Employee will be covered under the Buyer's severance benefit plan and Buyer will count the period of employment with Buyer as well as such Hired Employee's Past Service for purposes of calculating benefits under such plan. For purposes of this Agreement, "cause" means (a) conviction (including a plea of guilty or nolo contendere) of a crime involving theft, fraud, dishonesty or moral turpitude, (b) intentional or grossly negligent disclosure of confidential or trade secret information of Buyer (or any of its Affiliates) to anyone who is not entitled to receive such information; (c) gross omission or gross dereliction of any statutory or common law duty of loyalty to Buyer or any of its Affiliates; (d) willful violation of Buyer's code of conduct or other written policies or procedures; or (e) repeated failure to carry out the duties of the employee's position despite specific instruction to do so.

6.3.7. If Seller has, or acquires, a duty to bargain with any labor organization with respect to any of System Employees, then Seller will (i) give prompt written notice of such development to Buyer, including notice of the date and place of any negotiating sessions as they are planned or contemplated and permit Buyer to have a representative present at all negotiating sessions with such labor organization and at all meetings preparatory thereto (including making Buyer's representative a representative of Seller's delegation if required by the labor organization), and (ii) not, without Buyer's written consent, enter into any contract with such labor organization that purports to bind Buyer, including any successor clause or other clause that would have this purpose or effect. Seller acknowledges and agrees that Buyer has not agreed to be bound, and will not be bound, without an explicit assumption of such liability or responsibility by Buyer, by any provision of any collective bargaining agreement or similar contract with any labor organization to which Seller or any its Affiliates is or may become bound. Except as may be required on the part of Seller or its Affiliates by operation of law or under the Neutrality and Consent Agreement effective July 1, 1999 by and among CWA, IBEW and certain

business operating units and divisions of AT&T Corp. and modified effective May 10, 2000, and September 21, 2000 (as so modified, the "NCE Agreement") (a true, correct and complete copy of which, including modifications, has been provided to Buyer), and then only upon written notice to Buyer of any proposed action or non-action and after consultation in good faith with Buyer, Seller will take no action or engage in any inaction which might obligate or require Buyer to recognize or bargain with any labor organization on behalf of Systems Employees. Nothing in this Section 6.3.7 will be deemed a waiver of Seller's attorney-client privilege.

6.3.8. Nothing in this Section 6.3 or elsewhere in this Agreement will be deemed to make any employee of Seller a third party beneficiary of this Agreement.

6.4. Leased Vehicles; Other Capital Leases. Seller will pay the remaining balances on any leases for vehicles or capital leases included in the Equipment and will deliver title to such vehicles and other Equipment free and clear of all Encumbrances (other than Permitted Encumbrances) to Buyer at the Closing.

6.5. Consents.

6.5.1. Prior to the Closing, Seller will use commercially reasonable efforts to obtain in writing, as promptly as possible and at its expense, all the Required Consents, in form and substance reasonably satisfactory to Buyer and will deliver to Buyer copies of such Required Consents after they are obtained by Seller; provided, that Seller will use a form of letter or application prepared by Buyer (subject to reasonable review and comment by Seller); provided that in no event will Seller request the consent of any Third Party or Affiliate later than 45 days following the date hereof. All documents delivered or filed with any Governmental Authority or any Person by or on behalf of Seller pursuant to this Section 6.5, when so delivered or filed, will be correct, current and complete in all material respects. Buyer will cooperate with Seller to obtain all Required Consents, but Buyer will not be required to accept or agree or accede to any modifications or amendments to, or changes in, or the imposition of any condition to the transfer to Buyer of any Contract, Franchise or written instrument evidencing Real Property that are not reasonably acceptable to Buyer. Prior to the Closing, Seller will (i) use commercially reasonable efforts to give any notices required by the terms of the Contracts, Franchises, Real Property agreements and Licenses to be given prior to Closing and (ii) cooperate in good faith with Buyer in connection with requests for consents (other than Required Consents) required by the terms of the Contracts, Franchises, Real Property agreements and Licenses to be obtained. Notwithstanding the foregoing, Buyer will comply with the reasonable requests of Seller and, to the extent required, negotiate in good faith with any Third Party, as commercially reasonable for Seller to assign to Buyer in part the rights and obligations under any master Contract disclosed on SCHEDULE 4.6.

6.5.2. Notwithstanding the provisions of Section 6.5.1, Seller will not have any further obligation to obtain Required Consents: (a) with respect to Contracts relating to pole attachments where the licensing party will not, after Seller's exercise of commercially reasonable efforts, consent to an assignment of such Contract but requires that Buyer enter into a new agreement with such licensing authority, in which case Buyer will use its commercially reasonable efforts to negotiate such an agreement prior to (but contingent on) the Closing or as soon as practicable thereafter and Seller will cooperate with and assist Buyer in obtaining such agreements; (b) for any business radio license which Seller reasonably expects can be obtained within 120 days after the Closing and so long as such business radio license is eligible for automatic special temporary authorization under FCC rules with respect thereto; and (c) with respect to leased Real Property, if Seller obtains and makes operational prior to Closing substitute leased Real Property that is reasonably satisfactory to Buyer and on terms reasonably satisfactory to Buyer.

6.5.3. If and to the extent that Seller fails to obtain all Required Consents identified with an asterisk (*) on SCHEDULE 4.3 (except Required Consents for the transfer of Franchises which will be governed by Section 6.5.4) on or prior to the Closing (whether or not Buyer will have waived satisfaction of the condition to Closing set forth in Section 7.2.4), then, for a period of 15 months following the Closing, Seller with respect to such Systems and Assets will continue to use commercially reasonable efforts to obtain in writing as promptly as possible such Required Consents and will deliver copies of the same, reasonably satisfactory in form and substance, to Buyer.

6.5.4. If all of the conditions to the Closing have been met and the parties have not received 100% of the Required Consents for Franchises, then, at the Closing, Seller will transfer, convey and assign to Buyer all of the Assets, and the Closing will occur with respect to all of the Assets, other than (a) any Franchises for which Required Consents have not been obtained (the "Retained Franchises"), and (b) any Assets that are located in the Franchise area for such Retained Franchises and that relate exclusively to such Retained Franchises (together with the Retained Franchises, the "Retained Assets"). The portion of the Purchase Price to be given as consideration for the Retained Assets (which portion will be calculated as a pro rata portion of the Purchase Price based on the number of Equivalent Basic Subscribers in the Service Areas covered by the Retained Franchises), but in any event not to exceed 10% of the Purchase Price (the "Retained Purchase Price") will be deposited in escrow with the Escrow Agent pursuant to an escrow agreement substantially in the form of EXHIBIT B. Following the Closing, the parties will continue to use commercially reasonable efforts to obtain Required Consents for any Retained Franchises in accordance with the terms of this Agreement for a period of 120 days. Within 10 Business Days after obtaining the Required Consent for a Retained Franchise, or upon the expiration of 120 days after the Closing, whichever will first occur, Seller will transfer, convey and assign the Retained Assets relating to such Retained Franchise to Buyer and the Parties will cause the Escrow Agent to deliver to

Seller the Retained Purchase Price (or portion thereof related to the Retained Assets being transferred) and all interest accruing thereon. Prior to the Closing, Buyer and Seller will negotiate in good faith to reach agreement on a management agreement pursuant to which Buyer will manage all Retained Assets (except to the extent such management will cause either Party to violate any Legal Requirement), which management agreement will also contain any required signal sharing arrangements (the "Retained Assets Management Agreement"). The Parties will negotiate in good faith to resolve the operation of any Retained Assets that may not, pursuant to applicable Legal Requirement, be managed by Buyer pursuant to the foregoing. The Retained Assets Management Agreement will provide that Buyer will bear all expenses relating to the Retained Assets and the operation thereof and will receive the net cash flow from the Retained Assets as its management fee. The Retained Assets Management Agreement will provide that its term will continue with respect to each Retained Asset until Seller transfers such Retained Asset to Buyer in accordance with this Section 6.5.4. The adjustments pursuant to Section 3.2 will be made as of the Closing Date for the Retained Assets as if they were transferred on the Closing Date. In addition, Buyer will become liable for the Assumed Obligations and Liabilities with respect to the Retained Assets as of the Closing Date, and all representations and warranties (except as to those Required Consents that have not been obtained) made in connection with the Retained Assets will be made as of the Closing Date rather than any subsequent transfer date. Buyer may further make any indemnification claims permitted under Section 10 with respect to the Retained Assets as though the Retained Assets were transferred at the Closing. If the provisions of this Section 6.5.4 become operative, the parties agree to use commercially reasonable efforts and act in good faith in taking such actions and negotiating such additional provisions or other agreements, including amendments to this Agreement, as may be necessary or appropriate to carry out the intent of this Section 6.5.4. Buyer and Seller will each pay one-half of the expense of defending any legal challenges alleging the premature, unlawful or invalid transfer of any of the Retained Franchises, including reasonable attorneys' fees and consultants' fees; provided, however, that the actual amount of any judgments obtained by a Governmental Authority resulting from (a) the transfer of any Retained Assets, Retained Franchise, or actual working control of either without proper consent or (b) any action taken by Buyer as manager of the Retained Assets; and further provided that any amounts paid to reinstate any Retained Franchise revoked as a result of either such event will be borne solely by Buyer. If a Retained Franchise is revoked for any reason, there will be no compensation or other remuneration paid by any party to another party as a result of such revocation.

6.5.5. Buyer will prepare and deliver to Seller no later than the date of this Agreement, Buyer's portion of FCC Forms 394 with respect to each Franchise for which a Required Consent must be obtained as set forth on SCHEDULE 4.3. Seller will prepare Seller's portion of such Forms for each such Franchise on or before the date of this Agreement. Seller and Buyer will cooperate in the preparation of such Forms and will execute such Forms and

Seller will deliver them to the appropriate Governmental Authority on or before February 28, 2001. In connection with such delivery, Seller will request and retain proofs of delivery and will promptly deliver copies of such proofs to Buyer. Without the prior consent of Buyer, Seller will not agree with any Governmental Authority to extend or to toll the time limits applicable to such Governmental Authority's consideration of any FCC Form 394 filed with such Governmental Authority. Seller will use commercially reasonable efforts to (i) provide advance notice to Buyer of any meetings or conferences (whether in person or by conference call) with Governmental Agencies concerning such Forms, and (ii) to permit Buyer to participate in such meetings or conferences on its own behalf.

6.5.6. Prior to the Closing and subject to Section 6.2, Seller will use commercially reasonable efforts to obtain a renewal or extension of any Franchise (for a period expiring no earlier than three years after the Closing Date) for which a valid notice of renewal pursuant to the formal renewal procedures established by Section 626 of the Communications Act has not been timely delivered to the appropriate Governmental Authority (as identified in SCHEDULE 4.9) and no written confirmation has been received from such Governmental Authority that the procedures established by Section 626 of the Communications Act nonetheless will be applicable with respect to the renewal or extension of such Franchise.

6.6. Title Commitments and Surveys. After the execution of this Agreement, Buyer may obtain, at its sole expense, (a) commitments for owner's title insurance policies on all Real Property owned by Seller and on easements which provide access to each such parcel of Real Property, and (b) an ALTA survey on each parcel of Real Property for which a title insurance policy is to be obtained. Seller will provide reasonable assistance in connection with Buyer obtaining such commitments and surveys, as Buyer may request from time to time. All such commitments and surveys will be obtained within 60 days of the date of this Agreement. If Buyer notifies Seller in writing within 15 days after the date Buyer receives the commitment or survey with respect to a parcel of owned or leased Real Property that the commitment or survey discloses a condition that constitutes a breach, or any facts which could be reasonably expected to result in a breach, of the representations of Seller contained in Section 4.7 or any condition that would prohibit Seller from transferring title to such Real Property free and clear of Encumbrances (other than Permitted Encumbrances), then Seller will promptly commence further investigation and use commercially reasonable efforts to at its expense to cure the condition prior to Closing. If Seller, having used such commercially reasonable efforts, is unable to cure the condition prior to Closing and Closing will occur, then any claim for indemnification that Buyer may have with respect to the condition may be brought without the requirement that such claims meet or exceed the Threshold Amount. Seller agrees to provide Buyer's title company with a standard form of indemnification for any mechanic's or materialmen's lien affecting such Real Property which is not an Assumed Obligation and Liability.

6.7. HSR Notification. As soon as practicable after the execution of this Agreement, but in any event no later than 30 days after such execution, Seller and Buyer will each complete and file, or cause to be completed and filed, any notification and report required to be filed under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended (the "HSR Act"), with respect to the transactions contemplated by this Agreement; and each such filing will request early termination of the waiting period imposed by the HSR Act. The parties will use their commercially reasonable efforts to respond as promptly as reasonably practicable to any inquiries received from the Federal Trade Commission (the "FTC") and the Antitrust Division of the Department of Justice (the "Antitrust Division") for additional information or documentation and to respond as promptly as reasonably practicable to all inquiries and requests received from any other Governmental Authority in connection with antitrust matters. Each party will cooperate to prevent inconsistencies between their respective filings and between their respective responses to all such inquiries and requests, and will furnish to each other such necessary information and reasonable assistance as the other may reasonably request in connection with its preparation of necessary filings or submissions under the HSR Act. The parties will use their respective commercially reasonable efforts to overcome any objections which may be raised by the FTC, the Antitrust Division or any other Governmental Authority having jurisdiction over antitrust matters. Notwithstanding the foregoing, neither Buyer nor Seller will be required to make any significant change in the operations or activities of their respective business (or any material assets employed therein) or that of any of their respective Affiliates, if such party determines in good faith that such change would be materially adverse to the operations or activities of such business (or any material assets employed therein), provided such business has significant assets, net worth, or revenue. Each party will pay its own filing fees under the HSR Act in connection with the transactions contemplated by this Agreement.

6.8. Notification of Certain Matters. Seller will promptly notify Buyer of any fact, event, circumstance or action (a) which, if known on the date of this Agreement, would have been required to be disclosed to Buyer pursuant to this Agreement or (b) the existence or occurrence of which would cause any of Seller's representations or warranties under this Agreement not to be correct and complete as of the Closing Date.

6.9. Risk of Loss; Condemnation.

6.9.1. Seller will bear the risk of any loss or damage to the Assets resulting from fire, theft or other casualty (except reasonable wear and tear) at all times prior to the Closing. If any such loss or damage is so substantial as to prevent normal operation of any material portion of the Systems or the replacement or restoration of the lost or damaged property within 45 days after the occurrence of the event resulting in such loss or damage, Seller will immediately notify Buyer of that fact and Buyer, at any time within 10 days after receipt of such notice, may elect by written notice to Seller either (a) to waive

such defect and proceed toward consummation of the transactions contemplated by this Agreement in accordance with terms of this Agreement or (b) terminate this Agreement. If Buyer elects so to terminate this Agreement, Buyer and Seller will be discharged of any and all obligations hereunder. If Buyer elects to consummate the transactions contemplated by this Agreement notwithstanding such loss or damage and does so, there will be no adjustment in the consideration payable to Seller on account of such loss or damage, but all insurance proceeds payable as a result of the occurrence of the event resulting in such loss or damage will be delivered by Seller to Buyer, or the rights to such proceeds will be assigned by Seller to Buyer if not yet paid over to Seller.

6.9.2. If, prior to the Closing, all or any part of or interest in the Assets is taken or condemned as a result of the exercise of the power of eminent domain, or if a Governmental Authority having such power informs Seller or Buyer that it intends to condemn all or any part of the Assets (such event being called, in either case, a "Taking"), then (a) Buyer will have the sole right, in the name of Seller, if Buyer so elects, to negotiate for, claim, contest and receive all damages with respect to the Taking, (b) Seller will be relieved of its obligation to convey to Buyer the Assets or interests that are the subject of the Taking, (c) at the Closing, Seller will assign to Buyer all of Seller's rights to all damages payable with respect to such Taking and will pay to Buyer all damages previously paid to Seller with respect to the Taking, and (d) following the Closing, Seller will give Buyer such further assurances of such rights and assignment with respect to the Taking as Buyer may from time to time reasonably request. The foregoing will not affect or limit the scope of any representation or warranty of Seller in this Agreement or limit Buyer's right to rely on such representation or warranty as a condition of Closing to the extent set forth in this Agreement.

6.10. Transfer Taxes; Ad Valorem Obligations.

6.10.1. Any state or local sales, use, transfer, or documentary transfer Taxes or fees or any other charge imposed by any Governmental Authority (other than any of Seller's income, franchise, gross receipts, corporation, excess profits, rental, devolution, or payroll tax by whatsoever authority imposed or howsoever designated) arising from or payable by reason of the transfer of the Assets contemplated by this Agreement will be borne equally by Buyer and Seller. Tax returns required to be filed in respect of Transfer Taxes ("Transfer Tax Returns") will be prepared and filed by the party that has the primary responsibility under applicable law for filing such Transfer Tax Returns. If neither party has primary responsibility for filing a Transfer Tax Return, then Seller will be responsible for preparing and filing any such Transfer Tax Return.

6.10.2. Each party hereto will cooperate in assuring that all real property taxes, personal property taxes and similar ad valorem obligations that are levied with respect to the Assets or the Business for assessment periods

in which the Closing Date occurs and are otherwise not accounted for in the adjustment to Purchase Price set forth in Section 3.2 of the Agreement or excluded pursuant to Section 2.2(w) (collectively, the "Apportioned Obligations") and any refund or rebate thereof, will be apportioned between Seller and Buyer as of the Closing Date based on the number of days in any such period falling on or before the Closing Date, on one hand, and after the Closing Date, on the other hand (it being understood that Seller is responsible for the portion of each such Apportioned Obligation attributable to the number of days from the most recent lien date to and including the Closing Time and Buyer is responsible for the portion of each such Apportioned Obligation attributable to the period after the Closing Time). An adjustment will be made to the Purchase Price to reflect any payment of Apportioned Obligations that have been made by Seller on or prior to the Closing Date that are apportioned to Buyer hereunder. The parties hereto will cooperate, including during times of audit by taxing Governmental Authorities, to avoid payment of duplicate or inappropriate Taxes or other ad valorem obligations of any kind or description which related to the Assets or the Business, and each party will furnish, at the request of the other, proof of payment of any such Taxes or ad valorem obligations or other documentation that is a prerequisite to avoiding payment of a duplicate or inappropriate Tax or other ad valorem obligations.

6.11. Updated Schedules. Not less than 10 Business Days prior to the Closing, Seller will deliver to Buyer revised copies of the Schedules to this Agreement, which will have been updated and marked to show any changes occurring between the date of this Agreement and the date of delivery. Seller will update all Schedules, regardless of whether the original Schedule is as of a certain date; provided that SCHEDULE 4.16 will be updated to a reasonable date between the date of this Agreement and the Closing Date. Such updates are for informational purposes only, and for purposes of determining whether Seller's representations, warranties and covenants in this Agreement are true and correct at Closing, all references to the Schedules will mean the version of the Schedules attached to this Agreement on the date of signing. Notwithstanding the foregoing, if the effect of any such updates to Schedules is to disclose any one or more additional properties, privileges, rights, interests or claims, in each case acquired after the date of this Agreement ("New Properties") as Assets that would have been (if owned on the date of this Agreement) required by this Agreement to have been disclosed by Seller in its original Schedules and that were acquired by Seller after the date of this Agreement in breach of this Agreement, then Buyer, at or before Closing, will have the right (to be exercised by written notice delivered to Seller at least two days prior to the Closing Date) to cause any one or more of such New Properties to be designated as and deemed to constitute Excluded Assets for all purposes under this Agreement. Notwithstanding anything to the contrary contained in this Agreement, and except as set forth in the preceding sentence with respect to New Properties, the waiver of any condition to Closing by a party who has knowledge of a breach by the other party will not be deemed a waiver of any rights and remedies with respect to such breach under this Agreement.

6.12. Use of Seller's Name. Seller and its Affiliates will retain all rights with respect to the names "AT&T," "Tele-Communications, Inc." and "TCI" or any and all derivations thereof after the Closing. Buyer will remove or delete such names or any and all derivations thereof from the Business and Assets as soon as reasonably practicable, but in any event by the 120th day following the Closing. Seller and its Affiliates will take no action to enforce their intellectual property rights in such names during such 120-day period, provided Buyer complies with the terms of this Section 6.12 Notwithstanding the foregoing, nothing in this Section 6.12 will require Buyer to remove or discontinue using any such name or mark that is affixed to converters or other items in customer homes or properties on the Closing Date, or as are used in a similar fashion which makes such removal or discontinuation impracticable.

6.13. Transitional Billing Services. Seller will provide to Buyer, upon request, access to and the right to use its billing system computers, software and related fixed assets in connection with the Systems for a period of up to six months following the Closing to allow for conversion of existing billing arrangements, including billing and related arrangements regarding internet access services being provided to customers of a System on the Closing Date ("Transitional Billing Services"). Buyer will notify Seller at least 30 days prior to the Closing as to whether it desires Transitional Billing Services from Seller. All Transitional Billing Services, if any, that are requested by Buyer will be provided on terms and conditions reasonably satisfactory to each party; provided, however, that the amount to be paid by Buyer for such Transitional Billing Services will not exceed the out-of-pocket cost to Seller of providing such Transitional Billing Services. Seller will notify Buyer of the cost to Seller of providing such Transitional Billing Services within 10 Business Days after receiving Buyer's notice requesting the provision of such Transitional Billing Services.

6.14. Transition of High Speed Data Services. Seller will provide to Buyer, upon request, transitional services for a period of up to six months following the Closing to allow for conversion of existing high speed data services provided by the Systems, which services may include billing, technical and customer support ("Transitional HSD Services"). Buyer will notify Seller at least 60 days prior to the Closing as to whether it desires Transitional HSD Services from Seller. All Transitional HSD Services, if any, and the scope of such Transitional HSD Services that are requested by Buyer will be provided on terms and conditions reasonably satisfactory to each party; provided, however, that the amount to be paid by Buyer for such Transitional HSD Services will not exceed the out-of-pocket cost to Seller of providing such Transitional HSD Services.

6.15. Certain Notices. Seller will duly and timely file a valid request for renewal under Section 626 of the Communications Act with the proper Governmental Authority with respect to all Franchises of the Business that will

expire within 33 months after any date between the date of this Agreement and the Closing Date.

6.16. Satisfaction of Conditions. Each party will use commercially reasonable efforts to satisfy, or to cause to be satisfied, the conditions to the obligations of the other party to consummate the transactions contemplated by this Agreement, as set forth in Section 7, by no later than June 15, 2001.

6.17. Bulk Transfers. Buyer and Seller each waive compliance by the other with Legal Requirements relating to bulk transfers that may be applicable to the transactions contemplated hereby.

6.18. Programming Matters. Buyer will execute and deliver to Seller such documents and take such actions as may be reasonably requested by Seller to comply with the requirements of Seller's programming Contracts and channel line-up requirements with respect to divestitures of cable television systems. Seller will execute and deliver such documents as may be reasonably requested by Buyer to comply with the requirements of Buyer's programming Contracts and channel line-up requirements with respect to acquisitions of cable television systems. Neither party will be required to make any payments to the other's programmers in the fulfillment of its obligations under this Section 6.18; provided, however, that Buyer will not be required to provide specific programming or channels or to assume any liability with respect to or in connection with the programming agreements of Seller or any of its Affiliates.

6.19. Cooperation as to Rates and Fees.

6.19.1. After the Closing, notwithstanding the terms of Section 10.4, Buyer will have the right at its own expense to assume control of the defense of any rate proceeding with respect to the Systems that remains pending as of the Closing or that arises after the Closing but relates to the pre-Closing operation of the Systems. Buyer will promptly notify Seller regarding the commencement of any such rate proceeding relating to the pre-Closing operation of the Systems. In any such rate proceeding involving the Systems, Seller will cooperate in such proceeding and promptly deliver to Buyer all information reasonably requested by Buyer as necessary or helpful in such proceeding.

(a) If Buyer elects to assume control of the defense of any such rate proceeding, then (i) Seller will have the right to participate, at its expense, in the defense in such rate proceeding, and (ii) Buyer will have the right to settle any rate proceeding relating to the pre-Closing operation of the Systems unless under such settlement Seller would be required to bear liability with respect to the pre-Closing time period, in which event such settlement will require Seller's prior written consent, which consent will not be unreasonably withheld, conditioned or delayed.

(b) If Buyer does not elect to assume control of the defense of any such rate proceeding, then (i) Buyer will have the right to participate, at its expense, in the defense in such rate proceeding, and (ii) without the prior consent of Buyer (which will not be unreasonably withheld, conditioned or delayed), Seller will not settle such rate proceeding if such settlement would require Buyer to bear any liability or would adversely affect the rates to be charged by Buyer. In any such rate proceeding involving the Systems, Buyer will cooperate in such proceeding and promptly deliver to Seller all information in its possession that is reasonably requested by Seller as necessary or helpful in such proceeding.

6.19.2. Prior to Closing, Seller will not settle or permit to be settled any rate proceeding with respect to the Systems or Franchises without the consent of Buyer, which consent will not be unreasonably withheld or delayed, unless the proposed settlement includes injunctive or other relief that adversely affects the Assets or its ability to operate such Systems substantially in the manner in which they are operated on the date of this Agreement (other than changing the rates in question), in which case consent may be withheld or delayed in Buyer's sole discretion.

6.19.3. If Seller is required, following the Closing, pursuant to any Legal Requirement, settlement or otherwise, to reimburse or provide in-kind or another form of consideration to any subscribers of the Systems in respect of any subscriber payments previously made by them, including fees for cable television service, equipment charges, late fees and similar payments, Buyer agrees that it will make such reimbursement or provide such in-kind or other form of consideration through Buyer's billing system on terms reasonably specified by Seller, and Seller will reimburse Buyer for all such payments and other consideration made by Buyer following the Closing and for Buyer's reasonable out-of-pocket expenses incurred in connection therewith. Such reimbursement will be reflected in the Final Adjustments Report, to the extent then known. For expenses incurred after completion of the Final Adjustments Report, Seller will reimburse Buyer within 60 days after receipt of a statement therefor. Seller and Buyer will provide each other with all information in its possession that is reasonably required by such other party in connection with such reimbursement.

6.20. Cooperation on Pending Litigation. With respect to any defense or prosecution of any litigation or legal proceeding with respect to the Systems that relates to the period prior to the Closing Time and for which Seller and its Affiliates are responsible pursuant to this Agreement, Buyer will cooperate with and assist Seller and its Affiliates, upon reasonable request and at Seller's expense, by undertaking commercially reasonable efforts to make witnesses available and provide all information in its possession (including access to employees with information regarding such proceedings and access to books and records that may relate to the proceedings) that Seller and its Affiliates may reasonably require in connection with such litigation or legal proceedings or in

response to any complaint, claim, inquiry, order or requirements of any Governmental Authority or other Third Party. No action undertaken by Buyer as requested by Seller under this Section 6.20 will be deemed a waiver of any rights and remedies it may have with respect to any breach under this Agreement.

6.21. Confidentiality.

6.21.1. Neither Buyer nor Seller will, nor will it permit any of its Affiliates to, issue any press release or make any other public announcement or any oral or written statements to Seller's employees concerning this Agreement or the transactions contemplated hereby except as required by applicable Legal Requirements, without the prior written consent of the other party. Each party will hold, and will cause its employees, consultants, advisors and agents to hold, the terms of this Agreement in confidence; provided that (a) such party may use and disclose such information once it has become publicly disclosed (other than by such party in breach of its obligations under this Section) or which rightfully has come into the possession of such party (other than from the other party) and (b) to the extent that such party may be compelled by Legal Requirements to disclose any of such information, but the party proposing to disclose such information will first notify and consult with the other party concerning the proposed disclosure, to the extent reasonably feasible. Each party also may disclose such information to employees, consultants, advisors, agents and actual or potential lenders whose knowledge is necessary to facilitate the consummation of the transactions contemplated by this Agreement. The obligation by either party to hold information in confidence pursuant to this Section will be satisfied if such party exercises the same care with respect to such information as it would exercise to preserve the confidentiality of its own similar information.

6.21.2. All information concerning the Business or Assets obtained by Buyer or its Affiliates pursuant to or in connection with negotiation of this Agreement will be used by Buyer and its Affiliates solely for purposes related to this Agreement and, in the case of nonpublic information, will, except as may be required for the performance of this Agreement or by Legal Requirement, be kept in strict confidence by Buyer and its Affiliates in accordance with the terms of the letter agreement dated October 24, 2000, as amended effective on the date of this Agreement, which letter agreement, as amended, is hereby incorporated in this Agreement by reference. Any breach of such letter agreement, as amended, will be deemed a material breach of this Agreement.

6.22. Lien Searches. Seller will obtain, at its expense, and deliver to Buyer at least 45 Business Days prior to the Closing Date, the results of a lien search conducted by a professional search company of records in the offices of the secretaries of state in each state and county clerks in each county where there exist any Real Property or Equipment, and in the state and county where Seller's principal offices are located, including copies of all financing statements or

similar notices or filings (and any continuation statements) discovered by such search company.

6.23. Further Assurances. At or after the Closing, each party at the request of the other party, will promptly execute and deliver, or cause to be executed and delivered, to the other party all such documents and instruments, in addition to those otherwise required by this Agreement, in form and substance reasonably satisfactory to the other party as the other party may reasonably request in order to carry out or evidence the terms of this Agreement or to collect any accounts receivable or other claims included in the Assets.

6.24. Expired Leases. Seller will exercise commercially reasonable efforts prior to Closing to obtain written renewals or extensions, on terms reasonably acceptable to Buyer, for at least one year following the Closing of all leases of Real Property that will have expired prior to the Closing.

6.25. Environmental Assessment.

6.25.1. Seller acknowledges and agrees that Buyer may commission, at Buyer's cost and expense, a "Phase I" environmental site assessment of the Real Property owned by Seller (a "Phase I Assessment") or "Phase II" assessment, or other testing or analysis of the Real Property owned by Seller as Buyer may deem appropriate (a "Phase II Assessment"). Seller will use its commercially reasonable efforts to comply with any reasonable request for information made by Buyer or its agents in connection with any such investigation, but in no event will Seller be required under this Section 6.25.1 to disclose any materials constituting attorney-client privileged communications. Seller covenants that any response to any such request for information will be complete and correct in all material respects. Seller will afford Buyer and its agents or representatives access to all operations of Seller at all reasonable times and in a reasonable manner in connection with any such investigation. Any such assessment will be completed within 60 days of the date of this Agreement. If Buyer notifies Seller in writing within 15 days after the date Buyer receives the assessment with respect to a parcel of owned Real Property that the assessment discloses an environmental condition that (a) constitutes a breach, or any facts which could be reasonably expected to result in a breach, of the representations of Seller contained in Section 4.8 or (b) could reasonably be expected to impair the use or value of such Real Property for the continued operations of the Business or subject Buyer to any Losses if Buyer consummates this Agreement, then Seller will promptly commence further investigation and use commercially reasonable efforts to at its expense to cure the condition prior to Closing. If Seller, having used such commercially reasonable efforts, is unable to cure the condition prior to Closing and Closing will occur, then any claim for indemnification that Buyer may have with respect to the condition may be brought without the requirement that such claims meet or exceed the Threshold Amount.

6.25.2. In the event this Agreement is terminated or fails to close in accordance with its terms, Buyer agrees to repair any damage or disturbance it causes to the Real Property in the course of such investigative activities by returning such Real Property to approximately the same condition as existed prior to such investigative activities. Buyer will indemnify, defend and hold Seller free and harmless from and against any and all claims, actions, causes of action, suits, proceedings, costs, expenses (including reasonable attorneys' and consultants' fees and costs), liabilities, damages, and liens of any type arising directly out of any act or omission of Buyer or any of Buyer's representatives on or about the Real Property in the course of such investigative activities. However, neither of the two preceding sentences will be interpreted to impose any obligation upon Buyer with respect to Hazardous Substances present at, on, in, under or about, or any conditions existing on, the Real Property at the time of such investigative activities, except to the extent Buyer's negligence or willful misconduct causes a release of such Hazardous Substances or otherwise exacerbates any such condition in a manner that leads to liability under any Environmental Law.

6.25.3. All information collected and generated as a result of the environmental due diligence authorized by Section 6.25.1 will be subject to the terms and conditions of Section 6.21 of this Agreement. Buyer will provide to Seller copies of all reports, assessments and other information composed or compiled by Buyer's environmental consultants within five (5) Business Days after Buyer's receipt of copies thereof.

6.26. No Offers. Seller (and its directors, officers, employees, representatives and agents) will not directly or indirectly, (i) offer the Assets, the Systems or the Business for sale, (ii) solicit, encourage or entertain offers for such Assets, Systems or Business, (iii) initiate negotiations or discussions for the sale of such Assets, Systems or Business or (iv) make information about such Assets, Systems or Business available to any Third Party in connection with the possible sale of such Assets, Systems or Business prior to the Closing Date or the date this Agreement is terminated in accordance with its terms.

6.27. Taxes. Seller and Buyer will reasonably cooperate in connection with the preparation and filing of any Tax return or any similar information statement, including any Transfer Tax Returns, for which the other is responsible for preparing and filing with respect to the Assets.

6.28. Distant Broadcast Signals. Unless otherwise restricted or prohibited by any Governmental Authority, applicable Legal Requirements or Contract, Seller will, if requested by Buyer, delete prior to the Closing any distant broadcast signals which Buyer determines will result in unacceptable liability on the part of Buyer for copyright payments with respect to continued carriage of such signals after the Closing; provided, however, that Seller may refuse to honor such a request if such deletion could reasonably be expected to

delay or otherwise jeopardize Seller's ability to complete the transactions contemplated herein.

6.29. System Telephone Services. Prior to Closing, Buyer will select a vendor for the provision, and arrange for the transition, of all telephony services (e.g., long distance, data circuits, and 800 number) used in connection with the operation of the Systems. If Buyer fails to effect the transition of telephony services to its selected vendor as of the Closing Date, then Buyer will reimburse Seller for all charges incurred by Seller after Closing with respect to telephony services used in connection with the operation of the Systems or in the conduct of the Business.

7. CONDITIONS TO CLOSING.

7.1. Conditions to the Obligations of Buyer and Seller. The obligations of each party to consummate the transactions contemplated by this Agreement are subject to the satisfaction, at or before the Closing, of the following, which may be waived by the parties to the extent not prohibited by applicable Legal Requirements:

7.1.1. HSR Act Filings. All filings required under the HSR Act have been made and the applicable waiting period has expired or been terminated.

7.1.2. Absence of Legal Proceedings; Judgment. No judgment has been entered and not vacated by any Governmental Authority and no Legal Requirement has been enacted, promulgated or issued or become or deemed applicable to any of the transactions contemplated by this Agreement by any Governmental Authority, which prevents or makes illegal the transactions contemplated by this Agreement. No action, suit or proceeding is pending or threatened by any federal Governmental Authority which would prevent or make illegal the transactions contemplated by this Agreement.

7.2. Conditions to the Obligations of Buyer. The obligations of Buyer to consummate the transactions contemplated by this Agreement are subject to the satisfaction, at or before the Closing, of the following conditions, which may be waived by Buyer (subject to Section 10.3(d)) to the extent not prohibited by applicable Legal Requirements:

7.2.1. Accuracy of Representations and Warranties. The representations and warranties of Seller in this Agreement are true, complete and correct (without regard to any materiality or similar qualifications contained therein), at and as of the Closing with the same effect as if made at and as of the Closing, except (i) for changes, if any, permitted or contemplated by this Agreement, (ii) to the extent a different date is specified therein, in which case such representation and warranty is true and correct as of such date and (iii) to the extent that all misstatements, omissions and inaccuracies in the

representations and warranties of Seller, in the aggregate, do not have and could not reasonably be expected to have a Material Adverse Effect.

7.2.2. Performance of Agreements. Seller in all material respects has performed and complied with each obligation, agreement, covenant and condition required by this Agreement to be performed or complied with by Seller at or prior to the Closing.

7.2.3. Deliveries. Seller has delivered the items and documents required to be delivered by it pursuant to this Agreement, including those required under Section 8.2.

7.2.4. Required Consents. Except as otherwise provided in Section 6.5.2, Seller will have received and delivered to Buyer in form and substance reasonably satisfactory to Buyer, all of the Required Consents marked with an asterisk on SCHEDULE 4.3 (including those incorporated by reference), all Required Consents for other CARS Licenses and Business Radio Licenses over 470 MHz and all Required Consents for other tower and headend leases; provided, however, that this condition, to the extent it relates to Required Consents of Governmental Authorities for Franchises, will be deemed to be satisfied when, the aggregate number of Equivalent Basic Subscribers (i) located in areas where it is legally permissible to operate without a franchise or that are served pursuant to Franchises that do not require consent, or (ii) that are located in franchise areas where the Franchise is not expired as to which Required Consents have been obtained in form and substance reasonably satisfactory to Buyer (or the consent of the appropriate Governmental Authority will be deemed to have been received in accordance with Section 617 of the Communications Act (47 U.S.C. 537)), divided by of the total number of Equivalent Basic Subscribers for all of the Systems (the "Franchise Consent Ratio") is equal to or greater than 90%. For purposes of calculating the Franchise Consent Ratio, the number of Equivalent Basic Subscribers related to each franchise and for all of the Systems as a whole will be calculated as of April 30, 2001, or otherwise agreed upon by the parties.

7.2.5. Subscribers. The aggregate of the Equivalent Basic Subscribers and the "Equivalent Basic Subscribers" under the Related Agreement as of the last day of the calendar month immediately preceding the Closing Date is not less than 125,460.

7.2.6. No Material Adverse Changes. During the period from December 31, 2000, through and including the Closing Date, there will not have occurred and be continuing any event or events having, individually or in the aggregate, a Material Adverse Effect.

7.2.7. Franchise Renewals. Each Franchise for which (a) a valid notice of renewal pursuant to the formal renewal procedures established by Section 626 of the Communications Act has not been timely delivered to the

appropriate Governmental Authority and (b) with respect to which the appropriate Governmental Authority has not confirmed in writing that the procedure established by Section 626 nonetheless will apply to the renewal or extension of such Franchise, will have been renewed or extended for a period expiring no earlier than three years after the Closing Date.

7.2.8. At Home Agreement. Seller will have caused At Home Corporation to execute and deliver to Buyer an Affiliation Agreement, which Affiliation Agreement, in combination with the Transitional HSD Services, will permit Buyer to provide high speed data services to subscribers for six months following Closing and will be on terms consistent with At Home Corporation's then-standard terms and conditions offered to Third Party MSOs, which terms will be no less favorable than either (at At Home Corporation's election), Buyer's or Buyer's Affiliate's then-current At Home Affiliation Agreement for its Fort Worth, Texas, cable system or Buyer's or Buyer's Affiliate's then-current At Home Affiliation Agreement for its Greenville/Spartanburg, South Carolina, cable system.

7.3. Conditions to Obligations of Seller. The obligations of Seller to consummate the transactions contemplated by this Agreement are subject to the satisfaction at or before the Closing, of the following, which may be waived by Seller, to the extent not prohibited by applicable Legal Requirements:

7.3.1. Accuracy of Representations and Warranties. The representations and warranties of Buyer in this Agreement, if qualified by a reference to materiality, are true, complete and correct and, if not so qualified, are true, complete and correct in all material respects, at and as of the Closing with the same effect as if made at and as of the Closing, except for changes, if any, permitted or contemplated by this Agreement and except to the extent a different date is specified therein, in which case such representation and warranty is true and correct as of such date.

7.3.2. Performance of Agreements. Buyer in all material respects has performed and complied with each obligation, agreement, covenant and condition required by this Agreement to be performed or complied with by Buyer at or prior to the Closing.

7.3.3. Deliveries. Buyer has delivered the payment, items and documents required to be delivered by it pursuant to this Agreement, including those required under Section 8.3.

8. CLOSING.

8.1. Time and Place of the Closing. The Closing will be held on a date specified by Seller which is no less than five nor more than 10 Business Days following the date all conditions to the Closing contained in this Agreement (other than those based on acts to be performed at the Closing) have been

satisfied or waived; provided, however, either party may postpone the Closing Date until the last day of the month in which all such conditions are satisfied or waived. The Closing will be held at 9:00 a.m., local time, at Seller's counsel's office located at 633 Seventeenth Street, Suite 3000, Denver, Colorado 80202, or at such other place and time as Buyer and Seller may agree.

8.2. Seller's Delivery Obligations . At the Closing, Seller will deliver (or cause to be delivered) to Buyer the following:

(a) A Bill of Sale and Assignment and Assumption Agreement in substantially the form of Exhibit A to this Agreement (the "Bill of Sale");

(b) A special or limited warranty deed in a form reasonably acceptable to Buyer (and complying with applicable state laws) with respect to each parcel of Real Property which is owned by Seller, and the improvements thereon, duly executed and acknowledged and in recordable form, warranting only to defend title to such owned Real Property against all persons claiming by, through or under Seller, subject, however, to any Permitted Encumbrances;

(c) Title certificates to all vehicles included among the Assets (including those subject to leases), endorsed for transfer of valid and good title to Buyer, free and clear of all Encumbrances and leases (other than Permitted Encumbrances), and separate bills of sale or other transfer documentation for such vehicles, if required by the laws of the states in which such vehicles are titled;

(d) A certificate, dated the Closing Date, signed by an officer of Seller, stating, solely in his or her capacity as such officer, that the conditions set forth in Sections 7.2.1 and 7.2.2 are satisfied;

(e) A FIRPTA Non-Foreign Seller Certificate from Seller certifying that it is not a foreign person within the meaning of Section 1445 of the Internal Revenue Code of 1986, as amended (the "Code") reasonably satisfactory in form and substance to Buyer;

(f) Evidence reasonably satisfactory to Buyer that all Encumbrances (other than Permitted Encumbrances) affecting or encumbering the Assets have been terminated, released or waived, as appropriate, or original, executed instruments in form reasonably satisfactory to Buyer effecting such terminations, releases or waivers;

(g) Copies of all Required Consents which have been obtained by the Seller prior to Closing;

(h) All Books and Records, delivery of which will be deemed made to the extent such Books and Records are then located at any of the offices of the Systems included in the Real Property;

(i) An opinion of Sherman & Howard L.L.C., counsel for Seller, in substantially the form of Exhibit C; and

(j) Such other documents as Buyer may reasonably request in connection with the transactions contemplated by this Agreement.

8.3. Buyer's Delivery Obligations . At the Closing, Buyer will deliver (or cause to be delivered) to Seller the following:

(a) The Purchase Price required to be paid at the Closing, as adjusted in accordance with this Agreement;

(b) The Bill of Sale executed by Buyer;

(c) A certificate, dated the Closing Date, signed by an officer of Buyer, stating, solely in his or her capacity as such officer, that the conditions set forth in Sections 7.3.1 and 7.3.2 are satisfied;

(d) An opinion of Irell & Manella LLP, counsel for Buyer, in in substantially the form of Exhibit D; and

(e) Such other documents as Seller may reasonably request in connection with the transactions contemplated by this Agreement.

9. TERMINATION.

9.1. Events of Termination. This Agreement may be terminated and the transactions contemplated by this Agreement may be abandoned at any time prior to the Closing:

9.1.1. By the mutual written consent of Buyer and Seller;

9.1.2. By either party, upon written notice to the other party, if the transactions contemplated by this Agreement to take place at the Closing have not been consummated by the date which is 12 months after the date of this Agreement, for any reason other than (i) a breach or default by such party in the performance of any of its obligations under this Agreement or (ii) the failure of any representation or warranty of such party to be accurate; or

9.1.3. By either party at any time upon written notice to the other, if the other is in material breach or default of any of its covenants, agreements or other obligations in this Agreement or in any Transaction Document and fails to cure such breach or default (a) within the 30-day period following such written notice or, (b) if such breach or default is incapable of being cured within such

30-day period and the defaulting party promptly initiates and diligently pursues such cure to completion upon receipt of such notice, within a reasonable period of time.

9.2. Liabilities in Event of Termination. If this Agreement is terminated pursuant to Section 9.1, all obligations of the parties under this Agreement will terminate except for the parties respective obligations under Section 6.21 and 11.18. Notwithstanding a party's right to pursue remedies for breach of contract upon termination of this Agreement in accordance with Section 9.1, no remedies for breaches of representations and warranties will be available if this Agreement is terminated pursuant to Section 9.1. Furthermore, if the Closing does not occur, no party will be liable for any incidental, consequential, exemplary, special, or punitive damages in connection with any claim for breach of this Agreement.

10. SURVIVAL OF REPRESENTATIONS AND WARRANTIES; INDEMNIFICATION.

10.1. Survival of Representations and Warranties. The representations and warranties of the parties in this Agreement and the Transaction Documents will survive the Closing until 15 months after the Closing Date, except that the representations and warranties relating to Taxes, ERISA and environmental matters will survive until 90 days after the expiration of the applicable statute of limitations and the representations and warranties relating to Seller's title to, and the absence of Encumbrances (other than Permitted Encumbrances) on, the Assets will survive indefinitely and will not be merged into or otherwise limited by any deed or other conveyance document. The applicable periods of survival of the representations and warranties prescribed by this Section 10.1 are referred to as the "Survival Period." The liabilities of the parties under their respective representations and warranties will expire as of the expiration of the applicable Survival Period; provided, however, that such expiration will not include, extend or apply to any representation or warranty, the breach of which has been asserted by a party in a written notice to the breaching party before such expiration. The covenants and agreements of the parties in this Agreement and the Transaction Documents will survive the Closing and will continue in full force and effect without limitation.

10.2. Indemnification by Seller. Following the Closing, Seller and AT&T Parent, jointly and severally, will indemnify, defend and hold harmless Buyer and its shareholders and its and their respective Affiliates, and the shareholders, directors, officers, partners, members, employees, agents, successors and assigns of any of such Persons and any Person claiming by or through any of them, from and against all Losses of or to Buyer or any such other indemnified Person resulting from or arising out of (a) any breach of any representation or warranty made by Seller in this Agreement (without regard to any materiality or similar qualifications contained therein), (b) any breach of any covenant, agreement or obligation of Seller contained in this Agreement, and

(c) any liability or obligation of Seller or relating to the Business not included in the Assumed Obligations and Liabilities.

10.3. Indemnification by Buyer. Following the Closing, Buyer will indemnify, defend and hold harmless Seller and Seller's shareholders, directors, officers, partners, members, employees, agents, successors and assigns, and any Person claiming by or through any of them, from and against all Losses of or to Seller or any such other indemnified Person resulting from or arising out of (a) any breach of any representation or warranty made by Buyer in this Agreement (without regard to any materiality or similar qualifications contained therein), (b) any breach of any covenant, agreement or obligation of Buyer contained in this Agreement, (c) the failure by Buyer to assume and perform the Assumed Obligations and Liabilities, and (d) if Buyer waives the condition to Closing contained in Section 7.2.4 that the Franchise Consent Ratio equal or exceed 90%, the transfer of Assets to Buyer without having obtained the scheduled Required Consents (or deemed consents) with respect to any Franchise; provided, however, in no event shall clause (d) hereof be interpreted to reduce Buyer's rights to recover with respect to any breaches by Seller of its representations, warranties or covenants.

10.4. Third Party Claims. Promptly after the receipt by any party of notice of any claim, action, suit or proceeding by any Person who is not a party to this Agreement (collectively, an "Action"), which Action is subject to indemnification under this Agreement, such party (the "Indemnified Party") will give reasonable written notice to the party from whom indemnification is claimed (the "Indemnifying Party"). The Indemnified Party will be entitled, at the sole expense and liability of the Indemnifying Party, to exercise full control of the defense, compromise or settlement of any such Action unless the Indemnifying Party, within a reasonable time after the giving of such notice by the Indemnified Party, (a) notifies the Indemnified Party in writing of the Indemnifying Party's intention to assume such defense, (b) agrees in writing to the Indemnified Party to assume and pay the Indemnified Party's losses resulting from such Action, and (c) retains legal counsel reasonably satisfactory to the Indemnified Party to conduct the defense of such Action. The other party will cooperate with the party assuming the defense, compromise or settlement of any such Action in accordance with this Agreement in any manner that such party reasonably may request. If the Indemnifying Party so assumes the defense of any such Action, the Indemnified Party will have the right to employ separate counsel and to participate in (but not control) the defense, compromise or settlement of the Action, but the fees and expenses of such counsel will be at the expense of the Indemnified Party, unless (i) the Indemnifying Party has agreed to pay such fees and expenses, (ii) any relief other than the payment of money damages is sought against the Indemnified Party or (iii) the Indemnified Party has been advised by its counsel that there may be one or more defenses available to it which are different from or additional to those available to the Indemnifying Party, and in any such case that portion of the reasonable out of pocket fees and expenses of such separate counsel that are reasonably related to matters covered

by the indemnity provided in this Section 10 will be paid by the Indemnifying Party, provided that the Indemnifying Party will not be obligated to pay the expenses of more than one separate counsel in each jurisdiction for each Indemnified Party so entitled to separate counsel. Expenses of counsel to the Indemnified Party will be reimbursed on a current basis by the Indemnifying Party if such expenses are a liability of the Indemnifying Party and if there is no dispute as to the applicability of indemnification. No Indemnified Party will settle or compromise any such Action for which it is entitled to indemnification under this Agreement without the prior written consent of the Indemnifying Party (not to be unreasonably withheld), unless the Indemnifying Party has failed, after reasonable notice, to undertake control of such Action in the manner provided in this Section 10.4. No Indemnifying Party will settle or compromise any such Action without the prior written consent of the Indemnified Party (not to be unreasonably withheld); provided, however, in any Action (i) in which any relief other than the payment of money damages is sought against any Indemnified Party or (ii) in the case of any Action relating to the Indemnified Party's liability for any Tax, if the effect of such settlement would be an increase in the liability of the Indemnified Party for the payment of any Tax for any period beginning after the Closing Date, the consent of the Indemnified Party may be withheld by the Indemnified Party in its sole and absolute discretion.

10.5. Limitations on Indemnification - Seller. Seller and AT&T Parent will not be liable, in the aggregate, for indemnification arising under Section 10.2(a) for any Losses of or to Buyer or any other person entitled to indemnification from Seller unless the amount of such Losses for which Seller and AT&T Parent would, but for the provisions of this Section 10.5, be liable plus the amounts for which Seller's Affiliates would be liable under Section 10.2(a) of the Related Agreement (disregarding the provisions of Section 10.5 of the Related Agreement) exceeds, on an aggregate basis, $1,750,000 (the "Threshold Amount,") provided that in determining whether the Threshold Amount has been exceeded, there will not be included any Losses arising from any single claim that is less than $10,000. If the Threshold Amount is exceeded, Seller and AT&T Parent will be liable, jointly and severally, for the full amount of all Losses (including any single claims for Losses of less than $10,000), which amount will be due and payable within 15 days after the later of (a) the date Seller receives a statement therefor and (b) the date an Action with respect to such Losses is settled or decided in accordance with section 10.4. Neither Seller nor AT&T Parent will be liable for punitive damages assessed for Buyer's conduct. The maximum aggregate amount that Seller and its Affiliates (including AT&T Parent) will be required to pay for indemnification arising under Section 10.2(a) of this Agreement and Section 10.2(a) of the Related Agreement in respect of all claims by all indemnified parties is $35,000,000. Notwithstanding the preceding, neither the minimum nor maximum limits specified in this Section 10.5 will apply to: (i) the obligation to pay post-Closing adjustments pursuant to Section 3.3; (ii) Seller's breach of its representations and warranties that it has title to, and the absence of Encumbrances (other than Permitted Encumbrances) on, the Assets owned by Seller; or (iii) any

indemnification claims pursuant to Section 10.2(b) or 10.2(c), irrespective of whether such claims also constitute claims under Section 10.2(a)).

10.6. Limitations on Indemnification - Buyer. Buyer will not be liable for indemnification arising under Section 10.3(a) for any Losses of or to Seller or any other person entitled to indemnification from Buyer unless the amount of such Losses for which Buyer would, but for the provisions of this Section 10.6, be liable plus the amounts for which Buyer's Affiliates would be liable under Section 10.3(a) of the Related Agreement (disregarding the provisions of Section 10.6 of the Related Agreement) exceeds, on an aggregate basis, the Threshold Amount, provided that in determining whether the Threshold Amount has been exceeded, there will not be included any Losses arising from any single claim that is less than $10,000. If the Threshold Amount is exceeded, Seller will be liable for the full amount of all Losses (including any single claims for Losses of less than $10,000), which amount will be due and payable within 15 days after the later of (a) the date Buyer receives a statement therefor and (b) the date an Action with respect to such Losses is settled or decided in accordance with section 10.4. Buyer will not be liable for punitive damages assessed for Seller's conduct. The maximum aggregate amount that Buyer and its Affiliates will be required to pay for indemnification arising under Section 10.3(a) of this Agreement and Section 10.3(a) of the Related Agreement in respect of all claims by all indemnified parties is $35,000,000. Notwithstanding the preceding, neither the minimum nor maximum limits specified in this Section 10.6 will apply to: (i) the obligation to pay the Purchase Price, as adjusted; (ii) the obligation to pay post-Closing adjustments pursuant to Section 3.3; (iii) Buyer's obligation to assume and perform the Assumed Obligations and Liabilities; or (iv) any indemnification claims pursuant to Section 10.3(b), 10.3(c) or 10.3(d), irrespective of whether such claims also constitute claims under Section 10.3(a)).

10.7. Sole Remedy. Each party acknowledges and agrees that, should the Closing occur, its sole and exclusive remedy against the other with respect to any breach of representation, warranty, covenant, agreement or obligation (other than any claim based on fraud or intentional tort) will be pursuant to the indemnification provisions set forth in this Section 10.

10.8. Treatment of Indemnity and Other Payments. All indemnity and other payments made under this Agreement will be treated for all Tax purposes as adjustments to the Purchase Price.

11. Miscellaneous.

11.1. Parties Obligated and Benefited. Subject to the limitations set forth below, this Agreement will be binding upon the parties and their respective permitted assigns and successors in interest and will inure solely to the benefit of the parties and their respective permitted assigns and successors in interest, and no other Person will be entitled to any of the benefits conferred by this Agreement. Without the prior written consent of the other party, no party will

assign any of its rights under this Agreement or delegate any of its duties under this Agreement; provided, however, either party may assign its rights to an Affiliate so long as the assigning party continues to be bound by the terms of this Agreement. In addition, Seller may assign its rights under this Agreement (but not obligations) to a qualified intermediary within the meaning of Code Section 1.1031(k)-1(g)(4)(iii) ("Qualified Intermediary") and Buyer will cooperate with Seller as may be reasonably necessary in connection with such assignment and the deferred tax-free exchange to be accomplished in connection therewith, including acknowledging the execution of a written agreement between Seller and the Qualified Intermediary. Notwithstanding the foregoing, Buyer's cooperation and Seller's attempt at such an exchange will not extend to any act or omission which may have the effect of (i) impairing the title to the Assets; (ii) impairing Buyer's rights and remedies under this Agreement (including Buyer's rights to indemnification, to the assurances provided by Seller's representations and warranties, to close the transaction contemplated by the Agreement within the time and in the manner specified), (iii) increasing Buyer's obligations or liability hereunder or resulting in any additional cost, expense or liability to Buyer. Buyer may demand reasonable assurances from Seller to such effect prior to entering into any agreement or consenting to any assignment of Seller's rights or obligations hereunder. Further, Seller covenants and agrees that (i) the restructuring of the subject transaction to qualify for exchange treatment will not prevent nor delay the Closing beyond the date set forth in the Agreement, (ii) Buyer will not be required to take title to any property other than the Assets, (iii) Seller's attempt to effect a tax deferred exchange will in no event be a condition to the Closing, and (iv) Seller will, and hereby agrees to, indemnify, defend and hold Buyer harmless from and against any and all Losses threatened against, suffered or incurred by Buyer by reason of any such cooperation and/or Seller's attempt at exchange treatment.

11.2. Notices. Any notice, request, demand, waiver or other communication required or permitted to be given under this Agreement will be in writing and will be deemed to have been duly given only if delivered in person or by first class, prepaid, certified mail, or sent by courier or, if receipt is confirmed, by telecopier:

To Buyer at: c/o Charter Communications, Inc.
12444 Powerscourt Drive, Suite 100
St. Louis, Missouri 63124
Attention: Curtis S. Shaw, Esq.
Senior Vice President, General Counsel
& Secretary
Fax: (314) 965-8793

With a copy (which will not constitute notice) to:
Irell & Manella LLP
1800 Avenue of the Stars, Suite 900
Los Angeles, California 90067

Attention: Alvin G. Segel, Esq.
Fax: (310) 203-7199

To Seller at: c/o AT&T Broadband, LLC
188 Inverness Drive West
Englewood, Colorado 80112
Attention: Alfredo Di Blasio
Fax: (303) 858-3456

With a copy similarly addressed to the attention of Karla Tartz, Esq., Fax: (303) 858-3487.

With a copy (which will not constitute notice) to:
Sherman & Howard,L.L.C.
633 Seventeenth Street
Suite 3000
Denver, Colorado 80202
Attention: Gregory J. Ramos, Esq.
Fax: (303) 298-0940

Any party may change the address to which notices are required to be sent by giving notice of such change in the manner provided in this Section 11.2. All notices will be deemed to have been received on the date of actual receipt.

11.3. Attorneys' Fees. In the event of any action or suit based upon or arising out of this Agreement, the prevailing party will be entitled to recover reasonable attorneys' fees and other costs of such action or suit from the other party.

11.4. Right to Specific Performance. The parties acknowledge that the unique nature of the transaction contemplated by this Agreement renders money damages an inadequate remedy for the breach by either party of its obligations under this Agreement, and each party agrees that in the event of such breach, the non-breaching party will, upon proper action instituted by it, be entitled to seek a decree of specific performance of this Agreement.

11.5. Disclaimer of Warranty. Buyer and Seller agree that the representations and warranties of Seller contained in this Agreement and the Transaction Documents constitute the sole representations and warranties of Seller to Buyer in connection with the transaction contemplated hereby. BUYER ACKNOWLEDGES THAT EXCEPT AS SET FORTH IN THIS AGREEMENT OR IN THE TRANSACTION DOCUMENTS, SELLER DISCLAIMS ANY REPRESENTATION OR WARRANTY OF MERCHANTABILITY, USAGE, SUITABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE WITH RESPECT TO THE ASSETS OR ANY PART THEREOF.

11.6. Waiver. This Agreement or any of its provisions may not be waived except in writing. The failure of any party to enforce any right arising under this Agreement on one or more occasions will not operate as a waiver of that or any other right on that or any other occasion.

11.7. Captions. The captions of this Agreement are for convenience only and do not constitute a part of this Agreement.

11.8. Choice of Law. THIS AGREEMENT AND THE RIGHTS OF THE PARTIES UNDER IT WILL BE GOVERNED BY AND CONSTRUED IN ALL RESPECTS IN ACCORDANCE WITH THE LAWS OF THE STATE OF DELAWARE, WITHOUT REGARD TO THE CONFLICTS OF LAWS RULES OF DELAWARE.

11.9. Terms. Terms used with initial capital letters will have the meanings specified, applicable to both singular and plural forms, for all purposes of this Agreement. The word "include" and derivatives of that word are used in this Agreement in an illustrative sense rather than limiting sense. Whenever the context may require, any pronoun will include the corresponding masculine, feminine and neuter forms. All references herein to Articles, Sections, Exhibits and Schedules will be deemed to be references to Articles and Sections of, and Exhibits and Schedules to, this Agreement unless the context will otherwise require. All Exhibits and Schedules attached hereto will be deemed incorporated herein as if set forth in full herein and, unless otherwise defined therein, all terms used in any Exhibit or Schedule will have the meaning ascribed to such term in this Agreement. The words "hereof," "herein" and "hereunder" and words of similar import when used in this Agreement will refer to this Agreement as a whole and not to any particular provision of this Agreement. Unless otherwise expressly provided herein, any agreement, instrument or statute defined or referred to herein or in any agreement or instrument that is referred to herein means such agreement, instrument or statute as from time to time amended, modified or supplemented, including (in the case of agreements or instruments) by waiver or consent and (in the case of statutes) by succession of comparable successor statutes and references to all attachments thereto and instruments incorporated therein. All accounting terms not otherwise defined in this Agreement will have the same meanings ascribed to them under generally acceptable accounting principles as in effect from time to time in the United States, consistently applied.

11.10. Rights Cumulative. Subject to the limitations set forth in Section 10.7, all rights and remedies of each of the parties under this Agreement will be cumulative, and the exercise of one or more rights or remedies will not preclude the exercise of any other right or remedy available under this Agreement or applicable law.

11.11. Further Actions. Seller and Buyer will execute and deliver to the other, from time to time at or after the Closing, for no additional consideration

and at no additional cost to the requesting party, such further assignments, certificates, instruments, records, or other documents, assurances or things as may be reasonably necessary to give full effect to this Agreement and to allow each party fully to enjoy and exercise the rights accorded and acquired by it under this Agreement. Seller will, upon Buyer's request given at any time after the Closing through the date that is 15 months following the Closing, provide Buyer with a duly executed assignment in recordable form for each Real Property lease assigned to Buyer at Closing pursuant to the Bill of Sale, which lease is, or as to which a memorandum of lease is, recorded in the applicable public real property records.

11.12. Time. Time is of the essence under this Agreement. If the last day permitted for giving of any notice or the performance of any act required or permitted under this Agreement falls on a day which is not a Business Day, the time for the giving of such notice or the performance of such act will be extended to the next succeeding Business Day.

11.13. Late Payments. If either party fails to pay the other any amounts when due under this Agreement, the amounts due will bear interest from the due date to the date of payment at the annual rate publicly announced from time to time by The Bank of New York as its prime rate (the "Prime Rate") plus 3%, adjusted as and when changes in the Prime Rate are made.

11.14. Counterparts. This Agreement may be executed in counterparts, each of which will be deemed an original. This Agreement will become binding when one or more counterparts, individually or taken together, bear the signatures of all parties to this Agreement. Delivery of an executed signature page of this Agreement by facsimile transmission will constitute effective and binding execution and delivery of this Agreement.

11.15. Entire Agreement. This Agreement (including the Schedules and Exhibits referred to in this Agreement, which are incorporated in and constitute a part of this Agreement), other Agreements entered into by Buyer, Seller and their respective Affiliates as of the date of this Agreement, and the Transaction Documents contain the entire agreement of the parties with respect to the subject matter hereof and supersede all prior oral or written agreements and understandings with respect to the subject matter. This Agreement may not be amended or modified except by a writing signed by the parties.

11.16. Severability. Any term or provision of this Agreement which is invalid or unenforceable will be ineffective to the extent of such invalidity or unenforceability without rendering invalid or unenforceable the remaining rights of the Person intended to be benefited by such provision or any other provisions of this Agreement.

11.17. Construction. This Agreement has been negotiated by Buyer and Seller 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 will not apply in any construction or interpretation of this Agreement.

11.18. Expenses. Except as otherwise expressly provided in this Agreement, each party will pay all of its expenses, including attorneys' and accountants' fees, in connection with the negotiation of this Agreement, the performance of its obligations and the consummation of the transactions contemplated by this Agreement.

11.19. Commercially Reasonable Efforts. For purposes of this Agreement, unless a different standard is expressly provided with respect to any particular matter, any requirement herein that a party use "commercially reasonable efforts" will not be deemed to require that party to undertake extraordinary measures, including the initiation or prosecution of legal proceedings or the payment of amounts in excess of normal and usual filing fees and processing fees, if any.

11.20. Guaranty and Suretyship Matters. AT&T Parent acknowledges that, notwithstanding that it is not a party to this Agreement (other than with respect to Article 10), it will receive, in connection with the consummation of the transactions contemplated by this Agreement, fair and adequate consideration for its indemnification obligations under this Agreement. AT&T Parent therefore agrees that it will be deemed for all purposes to be a primary obligor under each of such obligations, and not a guarantor or surety. Notwithstanding the foregoing, to the extent that any of the covenants or agreements in this Agreement are determined by a court of competent jurisdiction to be a guaranty (in such case, the "Guaranty") by AT&T Parent of indemnity obligations (in such case, the "Guaranteed Obligations") of any other person or entity (in such case the "Underlying Obligor"), then, such Guaranty will be continuing, absolute and unconditional (subject only to the applicable terms and conditions of this Agreement) and, to the maximum extent permitted by applicable law, AT&T Parent hereby:

11.20.1. Authorizes any beneficiary of such Guaranty (the "Beneficiary"), from time to time in such Beneficiary's sole discretion, and without notice to or demand upon AT&T Parent (i) to amend, extend, waive, restructure or otherwise modify the Guaranteed Obligations in whole or part, (ii) to release, compromise, collect, settle or otherwise liquidate the Guaranteed Obligations in whole or part, (iii) to take, hold, exchange, enforce, waive, release and otherwise deal with collateral for the Guaranteed Obligations, and (iv) to add, release or substitute any one or more endorser(s) or other guarantor(s) for the Guaranteed Obligations;

11.20.2. Agrees that:

(i) if any one or more of the foregoing actions are taken;

(ii) if there is any change in the structure or existence of the Underlying Obligor; or

(iii) if there occurs any other action, event or circumstance whatsoever which constitutes or might be deemed to constitute an equitable or legal discharge of an Underlying Obligor with respect to the Guaranteed Obligations or of AT&T Parent with respect to the Guaranty, whether in bankruptcy or otherwise;

then (in the case of each of (i), (ii) and (iii)), such action, event or circumstance shall not impair, reduce, release or otherwise mitigate AT&T Parent's liability under the Guaranty or the Guaranteed Obligations;

11.20.3. Waives its right to assert against any Beneficiary as a defense (legal or equitable), setoff, counterclaim or cross-claim in connection with the Guaranty, any defense (legal or equitable), setoff, counterclaim or cross-claim AT&T Parent may now or in the future have against the Underlying Obligor or any other person or entity;

11.20.4. Waives all defenses, counterclaims and setoffs arising from the present or future lack of perfection, sufficiency, validity or enforceability of the Guaranteed Obligations or any security therefor or documents relating thereto;

11.20.5. Waives any defense arising by reason of any claim or defense based upon an election of remedies by a Beneficiary;

11.20.6. Waives all notices of acceptance, presentments, demand for performance, protests, diligence, notices of nonperformance or default, and all other notices or formalities which AT&T Parent may otherwise be entitled to under applicable law;

11.20.7. Waives all rights to require a Beneficiary to prosecute or seek enforcement of any remedies against an Underlying Obligor or any other person or entity liable on account of the Guaranteed Obligations, or to require a Beneficiary to seek to enforce or resort to any remedies with respect to any security interests, liens, encumbrances, collateral or other security for the Guaranteed Obligations; and

11.20.8. Agrees that AT&T Parent will have no right of subrogation, reimbursement, exoneration or contribution against the Underlying Obligor with respect to the Guaranty, and irrevocably waives any such rights and any rights to participate in any security now or hereafter held by a Beneficiary in connection with the Guaranteed Obligations.

[Signature Page Follows]

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The parties have executed this Agreement as of the day and year first above written.

MARCUS CABLE OF ALABAMA, L.L.C.

By: /s/ Curtis S. Shaw

Curtis S. Shaw
Senior Vice President

TCI OF SELMA, INC.

TCI OF LEE COUNTY, INC.

TCI CABLEVISION OF ALABAMA, INC.

ALABAMA T.V. CABLE, INC.

TCI SOUTHEAST, INC.

Each by: /s/ Alfredo Di Blasio

Alfredo Di Blasio
Vice President

EXHIBIT 2.14(b)
CONFORMED COPY

REORGANIZATION AGREEMENT

AMONG

CHARTER COMMUNICATIONS, INC.
ON THE ONE HAND

AND

TCI TKR OF ALABAMA, INC. AND TCI SOUTHEAST, INC.
ON THE OTHER HAND

DATED AS OF

FEBRUARY 26, 2001

ALABAMA

TABLE OF CONTENTS

LIST OF EXHIBITS AND SCHEDULES

REORGANIZATION AGREEMENT

This Reorganization Agreement ("Agreement") is made as of the 26th day of February, 2001, by and among TCI Southeast, Inc., a Delaware corporation ("AT&T Parent"), TCI TKR of Alabama, Inc., a Delaware corporation ("Seller"), and Charter Communications, Inc., a Delaware corporation ("Buyer").

RECITALS

A. This Agreement sets forth the terms upon which Seller will convey, or cause to be conveyed, to a newly-formed Delaware limited liability company wholly owned by Seller ("Company") substantially all of the assets of the Business (as defined below), and Seller will thereafter transfer to Buyer all of its interest in Company.

B. Seller and Buyer intend that, for federal income tax purposes, the acquisition and transfer contemplated by this Agreement will qualify as a "reorganization" under the provisions of Section 368(a) of the Code, and the rules and regulations promulgated thereunder.

C. This Agreement is being made concurrently with that Asset Purchase Agreement among Marcus Cable of Alabama, L.L.C., on the one hand, and TCI of Selma, Inc., TCI of Lee County, Inc., TCI Cablevision of Alabama, Inc., Alabama T.V. Cable, Inc., and AT&T Parent, on the other (the "Related Agreement").

D. The purpose of this Agreement is to set forth the definitive terms upon which such transfers will take place.

AGREEMENTS

In consideration of the above recitals and the mutual agreements stated in this Agreement, the parties agree as follows:

1. DEFINITIONS.

In addition to terms defined elsewhere in this Agreement, the following capitalized terms, when used in this Agreement, will have the meanings set forth below:

1.1. 1992 Cable Act. The Cable Television Consumer Protection and Competition Act of 1992, as amended, and the FCC rules and regulations promulgated thereunder.

1.2. Affiliate. 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. For purposes of this Agreement, At Home Corporation and its subsidiaries and Liberty Media Corporation and its subsidiaries will not be treated as Affiliates of Seller.

1.3. Assets. All assets, properties, privileges, contracts, licenses, permits, franchises, authorizations, rights, interests, claims and other properties, real and personal, tangible and intangible, of every type and description (a) that are owned, leased, held for use or used in the Business, and (b) in which Seller or any of its Affiliates has any right, title or interest or in which Seller or any of its Affiliates acquires any right, title or interest on or before the Closing Time. The Assets include the Franchises, Licenses, Intangibles, Contracts, Equipment (including Equipment used by AT&T Broadband Network Solutions, Inc. ("NSI"), solely in connection with the provision of services associated with the Systems or reflected in the Financial Statements, including under the Contracts between NSI and Third Parties listed on SCHEDULE 4.6), Books and Records, Real Property and deposits relating to the Business that are held by Third Parties for the account of Seller or for security for Seller's performance of its obligations, but excluding any Excluded Assets and any assets disposed of prior to the Closing Date in the ordinary course of business and not in violation of this Agreement.

1.4. AT&T. AT&T Broadband, LLC, a Delaware limited liability company.

1.5. Average Trading Price. With respect to the Charter Class A Common Stock, the average for the Valuation Period of (i) the last reported sales prices, regular way, as reported on the principal national securities exchange on which such securities are listed or admitted for trading on each Trading Day during the Valuation Period or (ii) if such securities are not listed or admitted for trading on any national securities exchange, the last reported sales prices, regular way, as reported on the Nasdaq National Market or, if such securities are not listed on the Nasdaq National Market, the average of the highest bid and lowest asked prices on each such Trading Day as reported on the Nasdaq Stock Market, or (iii) if such securities are not listed or admitted to trading on any national securities exchange, the Nasdaq National Market or the Nasdaq Stock Market, the average of the highest bid and lowest asked prices on each such Trading Day in the domestic over-the-counter market as reported by the National Quotation Bureau, Incorporated, or any similar successor organization (subject to adjustments to prevent dilution as provided in Section 3.2).

1.6. Basic Services. The lowest tier of service offered to subscribers of a System.

1.7. Books and Records. All engineering records, files, data, drawings, blueprints, schematics, as-built System maps, reports, lists, title policies and title reports, plans, surveys, procedures and processes and all other files of

correspondence, lists, records, agreements, amendments, notices, consents and reports to the extent concerning the Assets or the Business, including subscribers and prospective subscribers of the Systems, signal and program carriage and dealings with Governmental Authorities with respect to the Systems, including all reports filed with respect to the Systems by or on behalf of Seller or any of its Affiliates with the FCC and statements of account filed with respect to the Systems by or on behalf of Seller or any of its Affiliates with the U.S. Copyright Office, but excluding all corporate records, all financial and tax records not solely related to the operation of the Systems, and all documents, reports and records relating to any of the System Employees.

1.8. Business. The cable television business and other revenue-generating businesses and operations relating to the Systems that are conducted by Seller or any of its Affiliates through the Systems.

1.9. Business Day. Any day other than Saturday, Sunday or a day on which banking institutions in Denver, Colorado or New York, New York are required or authorized to be closed.

1.10. Charter Class A Common Stock. Shares of Class A Common Stock of Charter.

1.11. Charter Class A Per Share Value. Either (a) the Average Trading Price, or (b) if the Average Trading Price is less than the Minimum Per Share Value, the Minimum Per Share Value, or (c) if the Average Trading Price is greater than the Maximum Per Share Value, the Maximum Per Share Value.

1.12. Closing. The consummation of the transactions contemplated by this Agreement, as described in Section 8.

1.13. Closing Date. The date on which the Closing occurs.

1.14. Closing Time. 11:59 p.m., local time at the location of the Assets, as applicable, on the Closing Date.

1.15. Communications Act. The Communications Act of 1934, as amended, and the rules and regulations of the FCC promulgated thereunder and currently in effect. Section 626 of the Communications Act refers to 47 U.S.C. section 546.

1.16. Contracts. All contracts, bonds, indentures, leases, notes, certificates, options, warrants, rights and other instruments, documents, obligations and agreements (in each case, other than Franchises, Licenses and those relating to Real Property), whether written or oral, to which Seller or any of its Affiliates is a party and which relate to the operation of the Business, including the lease agreements for Equipment, pole attachment agreements, underground conduit agreements, retransmission consent agreements, and multiple dwelling bulk billing or commercial service agreements.

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1.17. Encumbrance. Any mortgage, lien, security interest, security agreement, conditional sale or other title retention agreement, consignment or bailment given for purposes of security, indenture, pledge, option, encumbrance, deed of trust, constructive trust or other trust, claim, attachment, charge, assessment, restriction on transfer or any exception to or defect in title or other ownership (legal or equitable) interest (including reservations, rights of way, possibilities of reverter, encroachments, protrusions, easements, rights of entry, rights of first refusal, rights of first offering, restrictive covenants, conditions, leases and licenses) of any kind, which constitutes an interest in property, whether arising pursuant to any Legal Requirement, License, Franchise, Contract or otherwise.

1.18. Environmental Law. Any applicable Legal Requirement relating to pollution or governing the protection of the environment, including CERCLA, OSHA, and RCRA and including Legal Requirements relating to emissions, discharges, releases or threatened releases of Hazardous Substances into the environment (including ambient air, surface water, ground water or land) or otherwise relating to the manufacture, processing, distribution, use, treatment, storage, disposal, transport, handling or presence of Hazardous Substances.

1.19. Equipment. All electronic devices, trunk and distribution coaxial and optical fiber cable, headend amplifiers, line amplifiers, drops, power supplies, conduit, vaults and pedestals, grounding and pole hardware, towers (other than towers on owned Real Property which are fixtures thereon and a part thereof), tower equipment, distribution systems, microwave equipment, subscriber's devices (including converters, encoders, transformers behind television sets and fittings), headend hardware (including origination, earth stations, transmission and distribution system), test equipment, vehicles, office equipment, computers and billing equipment, furniture, fixtures, supplies, inventory and other tangible personal property owned or leased by Seller or any of its Affiliates and used in the Business.

1.20. Equivalent Basic Subscribers (or EBSs). As of any date of determination and for each Service Area served by a System, the sum of (a) the total number of private residential customer accounts that are billed by individual unit for at least Basic Services (regardless of whether such accounts are in single-family homes or in individually billed units in apartment buildings or other multi-unit buildings), but exclusive of "second connects" and "additional outlets" as such terms are commonly understood in the cable television industry; and (b) the quotient of (i) the total monthly billings for sales of Basic Services and Expanded Basic Services by such System for such Service Area during the most recent billing period ended prior to the date of calculation to commercial, bulk-billed and other accounts not billed by individual unit (whether on a discounted or non-discounted basis), but excluding billings in excess of a single month's charges for any account, divided by (ii) the standard monthly combined rate (without discount of any kind) charged by such System for such Service Area to individually billed subscribers for Basic Services and

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Expanded Basic Services offered by such System in effect during such billing period. For purposes of calculating the number of EBSs, there will be excluded: (A) all accounts billed by individual unit that are, and all billings to any commercial, bulk-billed and other accounts not billed by individual unit that are, more than 60 days past due in the payment of any amount in excess of the lesser of $7.50 or the standard rate charged for Basic Services at the time of determination; (B) any accounts billed by individual unit and all commercial, bulk-billed and other accounts not billed by individual unit that, as of the date of calculation, have not paid in full the charges for at least one full month of the subscribed service; (C) that portion of the billings to all accounts billed by individual unit included in clause (b) above and any commercial bulk-billed and other accounts not billed by individual unit representing an installation or other non-recurring charge, a charge for equipment or for any outlet or connection other than the first outlet or first connection in any individually billed unit or, with respect to a bulk account, in any residential unit (e.g., an individual apartment or rental unit), a charge for any tiered service other than Expanded Basic Services (whether or not included within Pay TV), any charge for Pay TV or a pass-through charge for sales Taxes, line-itemized franchise fees, fees charged by the FCC and the like; (D) any individually billed unit and all billings to any commercial, bulk-billed and other accounts not billed by individual unit whose service is pending disconnection for any reason; (E) any individually billed unit and all billings to any commercial, bulk-billed and other accounts not billed by individual unit that was solicited within the 60-day period preceding the Closing Date to purchase such services by promotions or offers of discounts other than those ordinarily made by Seller; and (F) any account for which Basic Services are provided free of charge.

1.21. Excluded Assets. All:

1.21.1. Programming Contracts (including music programming Contracts and Contracts with Starz!/Encore), cable guide Contracts (including TV Guide and interactive programming guide Contracts), and Contracts to which other cable systems of Seller or its Affiliates are subject (including the NCE Agreement, Contracts between Seller and its Affiliates and NSI, master retransmission consent Contracts, master billing Contracts and master multiple dwelling unit Contracts (but not any subordinate multiple dwelling unit Contracts that incorporate the terms of such master Contracts by reference)), other than any such Contracts (or interests therein) listed on SCHEDULE 4.6;

1.21.2. Seller Plans (as defined in Section 4.15.2) and any cash, reserve, trust or funding arrangement held or set aside for the payment of benefits under such Seller Plans;

1.21.3. Insurance policies and rights and claims under insurance policies (except as otherwise provided in Section 6.9);

1.21.4. Bonds, letters of credit, surety instruments and other similar items;

1.21.5. Except for petty cash to the extent transferred to Buyer, cash and cash equivalents, including cash relating to subscriber prepayments and deposits, and notes receivable;

1.21.6. Subject to Buyer's rights under Section 6.12, trademarks, trade names, service marks, service names, logos, patents, copyrights and other intellectual property or proprietary rights of Seller or any of its Affiliates, except for software which is not an Excluded Asset under Section 1.21.14;

1.21.7. Subscriber billing Contracts and related equipment if not owned by Seller or any of its Affiliates;

1.21.8. Assets, rights and properties of Seller or its Affiliates used or held for use other than primarily in connection with the business operations of the Systems; provided, however, notwithstanding the foregoing, Assets which produce revenues that are set forth on the Financial Statements will not constitute Excluded Assets pursuant to this Section 1.21.8;

1.21.9. Except (a) accounts receivable and (b) any other claim, right or interest to the extent reflected in the adjustment to the Purchase Price determined pursuant to Section 3.3, all claims, rights and interests in and to any refunds of, or amounts credited against, Taxes or fees of any nature, including franchise and copyright fees, or any other claims against Third Parties, relating to the operation of the Systems prior to the Closing Time;

1.21.10. Except as set forth on SCHEDULE 4.6, any employment, compensation, bonus, deferred compensation, consulting, collective bargaining agreements, agency or management Contracts;

1.21.11. All Business documents and records not included in the Books and Records (provided that copies of personnel files will be made available to Buyer for a period of three years after the Closing Date upon reasonable request by Buyer accompanied by a waiver and release from the employee whose records are sought in form and substance reasonably satisfactory to Seller);

1.21.12. Capital and vehicle leases;

1.21.13. Advertising sales agency or representation Contracts providing any Third Party or Affiliate of Seller the right to sell available advertising time for a System (including any Contract with National Cable Communications or Cable Networks, Inc.), other than any such Contract disclosed on SCHEDULE 4.6;

1.21.14. Proprietary software of Seller or its Affiliates and licenses relating to Third Party software and maintenance agreements with respect thereto, other than transferable licenses relating to Third Party software installed on computers included in the Assets;

1.21.15. Contracts for Internet access or on-line service arrangements that provide to any Third Party or Affiliate of Seller the right to use the transmission capacity of a System to provide Internet access or other on-line services over such System, other than those disclosed on SCHEDULE 4.6;

1.21.16. Contracts and related accounts receivable for providing DMX service to commercial accounts via direct broadcast satellite;

1.21.17. Contracts for telephony services to be provided to subscribers of the Systems through the Assets;

1.21.18. Intercompany receivables; and

1.21.19. The assets specifically disclosed on SCHEDULE 1.21.

1.22. Expanded Basic Service. Any video programming provided over a System, regardless of service tier, other than Basic Services, any new product tier and Pay TV.

1.23. FCC. The Federal Communications Commission and any successor Governmental Authority.

1.24. Franchises. The franchises, permits and similar authorizations included among the Assets (other than Licenses) described on SCHEDULE 4.5, and all rights and benefits of Seller and its Affiliates pertaining thereto, including the rights and benefits arising under Section 626 of the Communications Act to the extent applicable to Franchises.

1.25. GAAP. Generally accepted accounting principles as in effect from time to time in the United States of America.

1.26. Governmental Authority. (a) The United States of America; (b) any state, commonwealth, territory or possession of the United States of America and any political subdivision thereof (including counties, municipalities and the like); or (c) any agency, authority or instrumentality of any of the foregoing, including any court, tribunal, department, bureau, commission, board or quasi-governmental authority.

1.27. Hazardous Substances. Any pollutant, contaminant, chemical, industrial, toxic, hazardous or noxious substance or waste which is regulated by a Governmental Authority, including (a) any petroleum or petroleum compounds (refined or crude), flammable substances, explosives, radioactive materials or any other materials or pollutants; (b) any "hazardous waste" as defined by the

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Resource Conservation and Recovery Act of 1976 (RCRA) (42 U.S.C. Sections 6901 et seq.), as aMended, and the rules and regulations promulgated thereunder; (c) any "hazardous substance" as defined by the Comprehensive Environmental Response, Compensation and Liability Act of 1980 (42 U.S.C. Sections 9601 et seq.) (CERCLA), as amended, and the rules and regulations promulgated thereunder; (d) any substance regulated by the Toxic Substances Control Act (TSCA) (42 U.S.C. Sections 2601 et seq.), or the Federal InsectIcide, Fungicide and Rodenticide Act (FIFRA) (7 U.S.C. Sections 136 et seq.), each as amended, and the rules and regulations promulgated thereunder; (e) asbestos or asbestos-containing material of any kind or character; (f) polychlorinated biphenyls; (g) any substances regulated under the provisions of Subtitle I of RCRA relating to underground storage tanks; and (h) any materials or substances designated as "hazardous substances" pursuant to the Clean Water Act (33 U.S.C. Sec. 1251 et seq.); (i) any substance the presence, use, handling, treatment, storage or disposal of which is regulated or prohibited by any Environmental Law (j) any other substance which by any Environmental Law requires special handling, reporting or notification of any Governmental Authority in its collection, storage, use, treatment or disposal or (k) any other substance which is regulated by or pursuant to any Environmental Law.

1.28. Intangibles. Subscriber lists, accounts receivable, claims (excluding any claims relating to Excluded Assets), goodwill, if any, and any other intangible asset owned or held by Seller and used in the Business.

1.29. Knowledge. The actual knowledge of a particular matter of (a) one or more of the principal corporate personnel of Seller involved in the transactions contemplated by this Agreement, including Alfredo Di Blasio, Dan Buchanan, Karla Tartz, and Jeff Walker, or (b) any of the general managers (or holders of positions of equivalent responsibility) of the Systems.

1.30. Legal Requirement. Any statute, ordinance, code, law, rule, regulation, permit, approval, order or other written requirement, standard or procedure enacted, adopted or applied by any Governmental Authority, including any judgment, writ, order, injunction, award or decree of any court, judge, justice or magistrate, including any bankruptcy court or judge or the arbitrator in any binding arbitration.

1.31. Licenses. The intangible cable television channel distribution rights, cable television relay service ("CARS"), business radio and other licenses, earth station registrations, authorizations, consents or permits issued by the FCC or any other Governmental Authority and related to the Business, including material state and local business licenses, including those described on SCHEDULE 4.5 (other than the Franchises) and all rights and benefits of Seller and its Affiliates pertaining thereto.

1.32. Losses. Any claims, losses, liabilities, damages, penalties, costs and expenses, including interest that may be imposed in connection therewith,

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expenses of investigation, reasonable fees and disbursements of counsel and other experts and settlement costs.

1.33. Material Adverse Effect. A material adverse effect on the Assets, the Business, the operations, condition (financial or otherwise) or results of operations of the Systems taken as a whole, or on the ability of Seller to perform its obligations under this Agreement, but without taking into account any effect resulting from (i) changes in conditions (including economic conditions, changes in FCC regulations or federal governmental actions, legislation or regulations) that are applicable to the economy or the cable television industry on a national basis, (ii) any changes in technology affecting the Business, or (iii) any competition from the direct broadcast satellite industry.

1.34. Maximum Per Share Value. An amount agreed to by the Parties, subject to adjustment as specified in Section 3.2.2.

1.35. Minimum Per Share Value. An amount agreed to by the Parties, subject to adjustment as specified in Section 3.2.2.

1.36. MVPD. A distributor of cable television services, multichannel multi-point distribution service, direct broadcast satellite service or television receive only satellite programming, who makes available for purchase, by subscribers or customers, multiple channels of video programming, other than Persons distributing such services only to multiple dwelling unit or other commercial customers (including hotels, motels, resorts, hospitals, dormitories, prisons, restaurants, bars and similar establishments).

1.37. Pay TV. Premium programming services selected by and sold to subscribers of the Systems on an a la carte basis for fees in addition to the fee for Basic Services or Expanded Basic Services.

1.38. Permitted Encumbrances. The following Encumbrances: (a) liens for Taxes, assessments and governmental charges not yet due and payable; (b) zoning laws and ordinances and similar Legal Requirements; (c) any right reserved to any Governmental Authority to regulate the affected property (including restrictions stated in the Franchises and Licenses); (d) in the case of any leased Asset, (i) the rights of any lessor and (ii) any Encumbrance granted by any lessor of such leased Asset; (e) inchoate materialmens', mechanics', workmen's, repairmen's or other like inchoate Encumbrances arising in the ordinary course of business which constitute Assumed Obligations and Liabilities; (f) in the case of owned Real Property, any easements, rights-of-way, servitudes, permits, restrictions and minor imperfections or irregularities in title which do not individually or in the aggregate materially interfere with the right or ability to use, own, enjoy or operate the Real Property as currently being used and which do not impair the value of the Real Property or interfere with Seller's ability or right to convey good, marketable and indefeasible fee simple title to the owned Real Property (or in the case of leased or other Real Property, the

right to convey such leasehold or other interest); (g) any Encumbrance (other than an Encumbrance securing a monetary obligation) that does not individually or in the aggregate interfere with the continued use of the Assets subject thereto in the operation of the Business as currently being used; and (h) those Encumbrances disclosed on SCHEDULE 1.38.

1.39. Person. Any natural person, corporation, partnership, trust, unincorporated organization, association, limited liability company, Governmental Authority or other entity.

1.40. Real Property. The Assets owned or leased by Seller or any of its Affiliates and used or useful in the Business consisting of realty, including appurtenances, improvements (including towers and headend storage buildings) and fixtures located on such realty, and any other interests in real property, including fee interests, leasehold interests and easements, rights of access, licenses, wire crossing permits, rights of entry (but not including interests in real property granted in Contracts in connection with services provided by Seller to the residents or occupants of such real property, including access and service Contracts with the owners of multiple dwelling unit complexes), options and rights of first refusal.

1.41. Required Consents. All authorizations, approvals and consents required under or in connection with any Legal Requirement or under any Assets, Franchises, Licenses, Real Property or Contracts required to be disclosed on SCHEDULE 4.6, for (a) Seller to transfer the Assets and the Business to Company (b) Seller to transfer the Company Interests to Buyer, and (c) Company to conduct the Business and to own, lease, use and operate the Assets and Systems at the places and in the manner in which the Business is conducted and the Systems are operated as of the date of this Agreement and on the Closing Date.

1.42. Service Area. The municipalities and counties in and around which Seller operates the Systems and the Business, which are disclosed on SCHEDULE 1.44.

1.43. System Employees. All employees of Seller or of any Affiliate of Seller who are primarily engaged in the operation of the Business.

1.44. Systems. The cable television systems listed on SCHEDULE 1.44, which operate in and around the Service Area.

1.45. Taxes. All levies and assessments of any kind or nature imposed by any Governmental Authority, including all income, sales, use, offer, registration, ad valorem, value added, alternative or add-on minimum (including taxes under Section 59A of the Code), franchise, severance, net or gross proceeds, withholding, payroll, employment, social security (or similar), unemployment, disability, excise, real or personal property taxes and levies or assessments related to unclaimed property, together with any interest thereon and

any penalties, additions to Tax or additional amounts applicable thereto, whether disputed or not.

1.46. Third Party. Any Person other than Seller or Buyer and their respective Affiliates.

1.47. Trading Day. A day on which the principal national securities exchange on which the Charter Class A Common Stock is listed or admitted to trading, or the Nasdaq National Market or the Nasdaq Stock Market, as applicable, if such securities are not listed or admitted to trading on any national securities exchange, is open for the transaction of business (unless such trading shall have been suspended for the entire day) or, if such securities are not listed or admitted to trading on any national securities exchange, the Nasdaq National Market or the Nasdaq Stock Market, any day other than a Saturday, Sunday, or other day on which commercial banking institutions in New York, New York are required or authorized by law to remain closed.

1.48. Transaction. The purchase, sale and reorganization transaction contemplated by this Agreement.

1.49. Valuation Period. The 30 full Trading Days ending on the second to last Trading Day prior to the Closing Date (i.e., if the Closing Date were June 29, 2001, the last Trading Day of the Valuation Period would be June 27, 2001).

1.50. Other Definitions. The following terms are defined in the Sections indicated:

Term	Section
Action	10.4
Agreement	preamble
Antitrust Division	6.7
Apportioned Obligations	6.10.2
Approved Leave of Absence	6.3.1
Assumed Obligations and Liabilities	2.2
AT&T Parent	preamble
Beneficiary	11.20.1
Buyer	preamble
Buyer's Welfare Plans	6.3.5(a)(ii)
CARS	1.31
Code	8.2(e)
Company	recitals
Company Interests	2.3
Current Filings	5.10.1
Disagreement Notice	3.4.1
ERISA	4.15.1

Term	Section
ERISA Affiliate	4.15.2
Escrow Agent	3.4.1
Escrow Amount	3.4.1
Escrowed Shares	3.4.1
FAA	6.2.5(xv)
FCC Rate Forms	6.2.5(vii)
Final Adjustments Report	3.4.2
Financial Statements	4.11
Franchise Consent Ratio	7.2.4
FTC	6.7
Guaranteed Obligations	11.20
Guaranty	11.20
HSR Act	6.7
Hired Employee	6.3.1
Indemnified Party	10.4
Indemnifying Party	10.4
NCE Agreement	6.3.7
New Properties	6.11
NSI	1.3
Offer/No Offer Schedule	6.3.1
Ownership Rules	6.30
Past Service	6.3.5(a)(ii)
Phase I Assessment	6.25.1
Phase II Assessment	6.25.1
Preliminary Adjustments Report	3.4.1
Prime Rate	11.13
Purchase Price	3.1
Registration Rights Agreement	8.3(b)
Related Agreement	recitals
Seller	preamble
Seller Plans	4.15.2
Share Consideration	3.1
Subscriber Shortfall	3.3.6
Survival Period	10.1
System Employee Schedule	6.3.1
Taking	6.9.2
Threshold Amount	10.5
Transaction Documents	4.2
Transfer Tax Return	6.10.1
Transitional Billing Services	6.13
Transitional HSD Services	6.14
Underlying Obligor	11.20
Underpayment	3.4.3
WARN	6.3.2

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2. CONTRIBUTION, PURCHASE AND SALE OF ASSETS; ASSUMED OBLIGATIONS AND LIABILITIES.

2.1. Contribution. Subject to the terms and conditions set forth in this Agreement, at the Closing Time, Seller will transfer to Company, and Company will acquire from Seller, free and clear of all Encumbrances (except Permitted Encumbrances), the Assets.

2.2. Assumed Obligations and Liabilities. Upon the contribution described in Section 2.1, Company will assume, and after the Closing Time, Company will pay, discharge and perform, the following (the "Assumed Obligations and Liabilities"): (a) those obligations and liabilities accruing and relating to periods after the Closing Time under or with respect to the Assets assigned and transferred to Company; (b) those obligations and liabilities of Seller to subscribers and customers of Seller's Business for (i) subscriber deposits held by Seller as of the Closing Date related to the Systems in the amount for which Buyer received credit under Section 3.3 and (ii) customer, advertising and other advance payments held by Seller as of the Closing Date related to the Systems in the amount for which Buyer received credit under Section 3.3; (c) all obligations and liabilities accruing and relating to the Business prior to the Closing Time but only to the extent that Buyer received a credit pursuant to Section 3.3; and (d) all other obligations and liabilities accruing and relating to periods after the Closing Time and arising out of Company's ownership of the Assets or operation of the Systems after the Closing Time, except to the extent that such obligations or liabilities relate to any Excluded Asset. All obligations and liabilities, contingent, fixed or otherwise, arising out of or relating to the Assets or the Systems other than the Assumed Obligations and Liabilities will remain and be the obligations and liabilities solely of Seller including any obligation, liability or claims relating to or arising pursuant to (w) Taxes (including franchise fees) arising out of or relating to the Assets or the Business and with respect to periods or portions thereof ending on or prior to the Closing Time, (x) refunds of rates, charges or late fees arising out of or relating to the Assets or the Business and with respect to periods through and including the Closing Time, (y) any claim, action, suit, proceeding, arbitration, investigation or hearing, any tolling, settlement or license agreement with respect to any of the foregoing, or any other activity or procedure, or any notice of any of the foregoing which could result in any judgment, writ, order, injunction, award or decree of any court, judge, justice or magistrate, including any bankruptcy court or judge or the arbitrator in any binding arbitration, and any order of or by any Governmental Authority arising out of or relating to the Assets or the Business and commenced, or related to an event occurring, on or prior to the Closing Time, or (z) credit, loan or other agreements arising out of or relating to the Assets or the Business and pursuant to which Seller or any of its Affiliates has created, incurred, assumed or guaranteed indebtedness for

borrowed money or under which any Encumbrance securing such indebtedness has been or may be imposed on any Asset.

2.3. Transfer of Company Interests. Subject to the terms and conditions set forth in this Agreement, at the Closing Time and immediately following the contribution described in Section 2.1, Seller will sell to Buyer, and Buyer will purchase from Seller, all of the outstanding membership interests in Company (the "Company Interests") free and clear of all Encumbrances (other than Permitted Encumbrances) in exchange for the Share Consideration. The shares of Charter Class A Common Stock representing the Share Consideration will be registered in the name of Seller, provided that Seller will be entitled to have the shares registered in the name of its parent upon completion of the liquidation and dissolution of Seller as contemplated by Section 6.32.

3. SHARE CONSIDERATION.

3.1. Share Consideration. For purposes of this Agreement, the "Share Consideration" will be the number of shares of Charter Class A Common Stock equal to the quotient (rounded upward to the nearest whole number) of (a) the $151,700,000 (the "Purchase Price"), as adjusted pursuant to Section 3.3 and (b) the Charter Class A Per Share Value.

3.2. Adjustments to Prevent Dilution. The Share Consideration will be subject to any or all of the following adjustments as applicable:

3.2.1.If Buyer should split or combine the Charter Class A Common Stock or pay a stock dividend or other stock distribution in Charter Class A Common Stock or otherwise effect any transaction or announce its intention to do any of the foregoing that changes the Charter Class A Common Stock into any other securities or make any other dividend or distribution on the Charter Class A Common Stock, and the record date applicable to such event occurs during the Valuation Period or after the Valuation Period and prior to the Closing Date, then the Average Trading Price will be appropriately adjusted to reflect such split, combination, transaction, dividend or other distribution.

3.2.2. The Minimum Per Share Value and Maximum Per Share Value will be subject to any or all of the following adjustments, as applicable:

(i) If from the date of this Agreement to the Closing Date, Buyer (a) pays a dividend or makes a distribution on any outstanding shares of Buyer's capital stock in shares of Charter Class A Common Stock, (b) subdivides the then-outstanding shares of Charter Class A Common Stock into a greater number of shares of Charter Class A Common Stock or (c) combines the then-outstanding shares of Charter Class A Common Stock into a smaller number of shares of Charter Class A Common Stock, then the Minimum Per Share Value and the Maximum Per Share Value then in effect will be adjusted by multiplying each by a fraction, the numerator of which is the number of shares of Charter

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Class A Common Stock outstanding immediately before the event giving rise to such adjustment, and the denominator of which is the number of shares of Charter Class A Common Stock outstanding immediately after such event.

(ii) If from the date of this Agreement to the Closing Date, Buyer pays a dividend or makes a distribution on all outstanding shares of Charter Class A Common Stock in the form of cash, securities (including warrants or other rights) or other assets (other than any dividend or distribution in the form of Charter Class A Common Stock), then the Minimum Per Share Value and the Maximum Per Share Value then in effect will be adjusted by multiplying each by a fraction, the numerator of which is the Average Trading Price of Charter Class A Common Stock (calculated using the 30 Trading Day period ending on the record date of such dividend or distribution rather than the Valuation Period) less the amount of cash or the fair market value on such record date (as reasonably determined by Buyer's Board of Directors) of the portion of the securities or other assets so to be distributed that is applicable to one share of Charter Class A Common Stock, and the denominator of which is the Average Trading Price of Charter Class A Common Stock (calculated using the 30 Trading Day period ending on the record date of such dividend or distribution rather than the Valuation Period).

3.3. Adjustments to Purchase Price. The Purchase Price will be adjusted as follows:

3.3.1. Adjustments on a pro rata basis as of the Closing Time will be made for all prepaid expenses other than inventory (but only to the extent the full benefit of such prepaid expenses will be realizable within twelve (12) months after the Closing Date), accrued expenses (including real and personal property Taxes), copyright fees and franchise or license fees or charges, prepaid income, subscriber prepayments and accounts receivable related to the Business, all as determined in accordance with GAAP consistently applied, and to reflect the principle that all expenses and income attributable to the Business for the period through and including the Closing Time are for the account of Seller, and all expenses and income attributable to the Business for the period after the Closing Time are for the account of Buyer. Notwithstanding the foregoing, the Purchase Price will only be increased by 98% of the accounts receivable; provided, further, that Seller will receive no credit for (a) any accounts receivable resulting from cable television services or Internet access or high speed data services of which more than $7.50 is 60 days or more past due from the billing date as of the Closing Date, (b) any accounts receivable resulting from advertising sales of which any portion is 120 days or more past due from the date of invoice as of the Closing Date, and (c) accounts receivable from customers whose accounts are inactive as of the Closing Date. For purposes of making "past due" calculations under clause (a) of the preceding sentence, the billing statements of a System will be deemed to be due and payable on the first day of the period during which the service to which such billing statements relate is provided.

3.3.2. The Purchase Price will be decreased by the amount of all advance payments to, or funds of Third Parties on deposit with, Seller as of the Closing Time and relating to the Business, including advance payments and deposits by subscribers served by the Business for converters, encoders, decoders, cable modems, cable television services and related sales.

3.3.3. The Purchase Price will be decreased by the amount of the economic value of all accrued vacation time that Buyer credits after the Closing Time to Hired Employees pursuant to Section 6.3, where economic value is the amount equal to the cash compensation that would be payable to each such Hired Employee at his or her level of compensation on the Closing Date for a period equal to such credited accrued vacation.

3.3.4. The Purchase Price will be increased by the amount of all deposits relating to the Business and the operation of the Systems that are held by Third Parties as of the Closing Time for the account of Seller which relate to the Systems or are held as security for Seller's performance of its obligations, including deposits on leases and deposits for utilities, but excluding those which are or relate to Excluded Assets or the full benefit of which will not be available to Company following the Closing, and such deposits will become the property of Company.

3.3.5. The Purchase Price will be decreased by an amount equal to the excess (if any) of the total amount of capital expenditures set forth on the Systems' capital budget (a copy of which has been provided to Buyer) over the actual amount of capital expenditures as of the Closing Time made for such projects since December 31, 2000. The Purchase Price will be increased by an amount equal to the capital expenditures not included in such capital budget and incurred by Seller at Buyer's request in accordance with Section 6.2.2(y).

3.3.6. The Purchase Price will be decreased by the dollar amount equal to the product of (i) 43.34% of the Subscriber Shortfall multiplied by (ii) $2,371. For purposes of this Agreement, the "Subscriber Shortfall" equals the number, if any, by which the aggregate of the Equivalent Basic Subscribers for the Systems and the "Equivalent Basic Subscribers" for the "Systems," as described in the Related Agreement, as of the Closing Time is less than 146,124.

3.3.7. The adjustments provided for in this Section 3.3 will be made without duplication under this Agreement or the Related Agreement. In addition, none of the adjustments provided for in this Section 3.3 will be made with respect to any Excluded Asset or with respect to any item of income or expense related to an Excluded Asset.

3.3.8. The net amount of the adjustments calculated under this Section 3.3, as preliminarily determined pursuant to Section 3.4.1, will be added or subtracted, as applicable, to the Purchase Price at the Closing.

3.4. Determination of Adjustments. Preliminary and final adjustments to the Purchase Price will be determined as follows:

3.4.1. Not later than a date Seller reasonably believes is at least five Business Days prior to the Closing, Seller will deliver to Buyer a report (the "Preliminary Adjustments Report"), showing in detail the good faith preliminary determination of the adjustments referred to in Section 3.3, which have been calculated as of the Closing Time (or as of any other date and time agreed by the parties) and appropriate documents substantiating the adjustments proposed in the Preliminary Adjustments Report. Buyer will have three Business Days following receipt of the Preliminary Adjustments Report to review such Report and supporting information and to notify Seller of any disagreements of Buyer with Seller's estimates. If Buyer provides a notice of disagreement (the "Disagreement Notice") with Seller's estimates of the adjustments referred to in Section 3.3 within such three Business Day period, Buyer and Seller will negotiate in good faith to resolve any such dispute and to reach an agreement prior to the Closing Date on such estimated adjustments as of the Closing Time. The basis for determining the Purchase Price to be paid at the Closing will be (a) the estimate so agreed upon by Buyer and Seller, (b) if the parties do not reach such an agreement on the estimated amount of the adjustments set forth in the Preliminary Adjustments Report prior to the Closing Date and the amount in dispute is less than or equal to $1,350,000 or if Buyer fails to provide a notice of disagreement with Seller's estimates of such adjustments within the requisite time provided, the estimates of such adjustments set forth in the Preliminary Adjustments Report or (c) if the parties do not reach such an agreement on the estimated amount of the adjustments set forth in the Preliminary Adjustments Report prior to the Closing Date and the amount in dispute is greater than $1,350,000, the estimates of such adjustments set forth in the Preliminary Adjustments Report less (i) an amount equal to the excess (if any) of (A) the Purchase Price based on the adjustments proposed by Seller set forth in the Preliminary Adjustments Report, over (B) the Purchase Price based on Buyer's estimate of such adjustments set forth in the Disagreement Notice or (ii) $2,250,000, whichever is less (the "Escrow Amount"). If the Purchase Price to be paid at Closing is determined under (c) above, Buyer will deposit shares of Charter Class A Common Stock equal to the Escrow Amount divided by the Charter Class A Per Share Value, rounded to the nearest whole share (the "Escrowed Shares") into an escrow account (which will be held by Chase Manhattan Bank or other escrow agent which is mutually acceptable to Buyer and Seller (the "Escrow Agent") and governed by an escrow agreement substantially in the form of EXHIBIT B).

3.4.2. Within 90 days after the Closing Date, Seller will deliver to Buyer a report (the "Final Adjustments Report") showing in detail the final determination of all adjustments which were not calculated as of the Closing Time and containing any corrections to the Preliminary Adjustments Report, together with appropriate documents substantiating the adjustments proposed in the Final Adjustments Report. Buyer will provide Seller with reasonable access

to all records that Buyer has in its possession and which are necessary for Seller to prepare the Final Adjustments Report.

3.4.3. Within 30 days after receipt of the Final Adjustments Report, Buyer will give Seller written notice of Buyer's objections, if any, to the Final Adjustments Report. If Buyer timely makes any such objection, the parties will agree on any items, if any, which are not in dispute within 30 days after Seller's receipt of Buyer's notice of objections to the Final Adjustments Report. Any disputed amounts will be determined by the accounting firm of Deloitte & Touche, which will be obligated to determine such amounts within 90 days after the dispute is submitted to it, and the determination of which will be conclusive. Seller and Buyer will bear equally the fees and expenses payable to such firm in connection with such determination. If the Purchase Price, as finally determined, exceeds the estimated Purchase Price actually paid to Seller at the Closing (such excess, the "Underpayment") and Buyer made a deposit into escrow pursuant to Section 3.4.1, then Buyer and Seller will instruct the Escrow Agent to release to Seller the number of Escrowed Shares equal to the amount of the Underpayment divided by the Charter Class A Per Share Value, rounded to the nearest whole share, and to release to Buyer any remaining Escrowed Shares in the escrow account. If either (i) the number of Escrowed Shares released to Seller from the escrow account are less than the amount of the Underpayment divided by the Charter Class A Per Share Value or (ii) no deposit to the escrow account was made pursuant to Section 3.4.1, Buyer will issue and deliver to Seller Charter Class A Common Stock in an amount equal to the Underpayment divided by the Charter Class A Per Share Value, rounded to the nearest whole share, less the Escrowed Shares, if any, released to Seller from the escrow account. To the extent necessary to permit the Escrow Agent to comply with its release obligations, Buyer will reissue the Escrowed Shares in several stock certificates of differing denominations. If the estimated Purchase Price paid at the Closing exceeds the Purchase Price, as finally determined, then Buyer and Seller will instruct the Escrow Agent to release all Escrowed Shares, if any, in the escrow account to Buyer and Seller will pay to Buyer an amount in cash equal to the excess of the Purchase Price, as finally determined, over the estimated Purchase Price paid at the Closing. Any such cash payments will be made by wire transfer of immediately available funds to the other party within three Business Days after the final determination of all disputed items. For purposes of this Section 3.4.3, if after Closing and prior to such settlement, any event has occurred that would have resulted in adjustments pursuant to Section 3.2 if it had occurred prior to Closing, then the Charter Class A Per Share Value used to determine the number of shares delivered under this Section 3.4.3 will be adjusted in the same manner as it would have been had such events occurred prior to Closing.

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4. REPRESENTATIONS AND WARRANTIES OF SELLER.

Seller represents and warrants to Buyer, as of the date of this Agreement and as of the Closing, as follows:

4.1. Organization and Qualification. Seller is duly organized, validly existing and in good standing under the laws of the state of its organization and has all requisite power and authority to own, lease and use the Assets as they are currently owned, leased and used and to conduct the Business as it is currently conducted. Seller is duly qualified to do business and is in good standing under the laws of each jurisdiction where it operates the Business. When formed, Company will be a limited liability company duly formed, validly existing and in good standing under the laws of the State of Delaware, and will be treated for federal income tax purposes as a disregarded entity with respect to Seller under Treasury Regulations Section 301.7701-3(b)(1)(ii).

4.2. Authority and Validity. Seller has all requisite power and authority to execute and deliver, to perform its obligations under, and to consummate the transactions contemplated by, this Agreement and all other documents and instruments to be executed and delivered in connection with the transactions contemplated by this Agreement (collectively, the "Transaction Documents") to which Seller is a party. The execution and delivery by Seller of this Agreement has been duly authorized by all requisite entity action. The execution and delivery by Seller of the Transaction Documents to which Seller is a party, the performance by Seller of its obligations under and the consummation by Seller of the transactions contemplated by this Agreement and the Transaction Documents to which Seller is a party have been, or will by the Closing Date be, duly authorized by all requisite entity action. This Agreement is, and when executed and delivered by Seller the Transaction Documents will be, the valid and binding obligations of Seller, enforceable against Seller in accordance with their respective terms, except insofar as enforceability may be affected by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws now or hereafter in effect affecting creditors' rights generally or by principles governing the availability of equitable remedies.

4.3. No Conflict; Required Consents. Subject to obtaining the Required Consents, all of which are disclosed on SCHEDULE 4.3, and the receipt of any consent required or the expiration or termination of the applicable waiting period under the HSR Act, the execution and delivery by Seller, the performance of Seller under, and the consummation by Seller of the transactions contemplated by, this Agreement and the Transaction Documents to which Seller or Company is a party do not and will not: (a) conflict with or violate any provision of the organizational documents of Seller or Company; (b) violate any Legal Requirement in any material respect; (c) require any consent, waiver, approval or authorization of, or any filing with or notice to, any Governmental Authority or other Person; or (d) (i) violate, conflict with or constitute a breach of or default under (without regard to requirements of notice, lapse of time or elections of

other Persons or any combination thereof), (ii) permit or result in the termination, suspension or modification of, (iii) result in the acceleration of (or give any Person the right to accelerate) the performance of Seller under, or (iv) result in the creation or imposition of any Encumbrance under, any Contract, Franchise or License or any other instrument evidencing any of the Assets, or any instrument or other agreement by which any of the Assets is bound or affected, except for purposes of clauses (c) or (d), above, any consents, waivers, approvals or authorizations required under any bulk Contracts relating to multiple dwelling units with less than 250 units.

4.4. Assets. Seller has, and immediately prior to the transfer of the Company Interests to Buyer, Company will have, good and marketable title in and to (or, in the case of Assets that are leased, valid leasehold interests in) the Assets (other than Real Property, as to which the representations and warranties in Section 4.7 apply). The Assets are free and clear of all Encumbrances, except (a) Permitted Encumbrances, (b) rights of first refusal stated in the Franchises and Licenses, each of which will be waived by the Person holding such right prior to the Closing, and (c) Encumbrances disclosed on SCHEDULE 4.4. Except for the Excluded Assets, the Assets are all the assets necessary to permit Company to conduct the Business and to operate the Systems substantially as the Business is being conducted and the Systems are being operated on the date of this Agreement and in compliance with all applicable Legal Requirements and to perform all of the Assumed Obligations and Liabilities. Except as disclosed on SCHEDULE 4.4, all of the Equipment is in good operating condition and repair, ordinary wear and tear excepted, and is adequate for the operation of the Business.

4.5. Franchises and Licenses. Except as disclosed on SCHEDULE 4.5, Seller is not bound or affected by any (a) "franchise," as such term is defined in Section 602 of the Communications Act (47 U.S.C. 522), in connection with the operation of the Business, (b) license, authorization or permit issued by the FCC that relates to the Systems or the operation of the Business or (c) any licenses, authorizations or permits of any other Governmental Authority (other than those described in clauses (a) or (b)) which are individually or in the aggregate material to the Business or the Systems. Seller has provided Buyer with access to true and complete copies of each Franchise and License disclosed on SCHEDULE 4.5. SCHEDULE 4.5 discloses the specific Seller bound or affected by each Franchise. To the extent that SCHEDULE 4.5 fails to disclose the specific Seller bound or affected by each item listed thereon or any license, authorization or permit of any Governmental Authority, Seller will provide such information to Buyer within 30 days after the date of this Agreement. Except as disclosed on SCHEDULE 4.5, the Franchises and Licenses are currently in full force and effect under all applicable Legal Requirements according to their terms and Seller is not in breach or default of any terms or conditions thereunder and no event has occurred that, with notice or lapse of time or both would constitute a breach, violation or default thereunder by Seller. Except as disclosed on SCHEDULE 4.5, there is no legal action, governmental proceeding or investigation, pending or, to

Seller's Knowledge, threatened, to terminate, suspend or modify any Franchise or License. Except as set forth on SCHEDULE 4.5, (a) the Franchises contain all of the commitments of Seller to the applicable Governmental Authority granting such Franchises with respect to the construction, ownership and operation of the Systems, and (b) other than as set forth in the Franchises, Seller has not made any commitment to any local franchising authority to make any expenditure or capital addition or betterment to any System or the Assets that will not be fulfilled or satisfied prior to the Closing Time. As of the date of this Agreement, except as disclosed on SCHEDULE 4.5, and other than any satellite master antenna television system which serves fewer than 1000 dwelling units and direct broadcast satellite television, with respect to each area in which the Systems currently provide cable television service: (a) no Third Party is operating a cable television system or other non-satellite MVPD other than a System in such area; (b) no construction programs have been substantially undertaken, or, to the Knowledge of Seller, are proposed to be undertaken, by any municipality or Third Party wireline cable television operator in the Service Area, (c) no franchise has been, or, to the Knowledge of Seller, is proposed to be, granted to any Third Party in the Service Area, other than franchises included in the Assets; and (d) to the Knowledge of Seller, no Third Party MVPD has applied for a cable television franchise or open video system or similar authorization to serve such area.

4.6. Contracts. All Contracts are disclosed on SCHEDULE 4.6, except for: (a) subscription agreements with individual residential subscribers or commercial establishments for the cable services provided by the Systems in the ordinary course of business; (b) miscellaneous service Contracts with Seller's vendors terminable at will or upon notice of 30 days or less without penalty; (c) Contracts not involving any monetary obligation in excess of $25,000; (d) bank financing documents; (e) Contracts constituting Excluded Assets; and (f) Contracts relating to services provided by Seller to residents of multiple dwelling unit complexes or to commercial accounts. Without limiting the foregoing, SCHEDULE 4.6 discloses all programming agreements, wireline crossing agreement, pole attachment agreements, fiber leases, Contracts between Seller and its Affiliates, retransmission consent agreements, capital leases of personal property and agreements limiting the right of the Systems to compete, except, in each case, such Contracts that are Excluded Assets. Seller has provided Buyer with access to true and complete copies of each of the written Contracts disclosed on SCHEDULE 4.6 and will provide Buyer access to all other Contracts (including descriptions of oral Contracts) of Seller within 30 days after the date of this Agreement. Seller will further provide Buyer with a complete list of all multiple dwelling unit complexes served by the Systems as of the date specified in such list. Each Contract is in full force and effect and constitutes the valid, legal, binding and enforceable obligation of Seller, and Seller is not in breach or default of any terms or conditions thereunder. To Seller's Knowledge no other party thereto is, in breach or default of any material terms or conditions thereunder.

4.7. Real Property.

4.7.1. All of the Assets consisting of Real Property interests are disclosed on SCHEDULE 4.7. To the extent that SCHEDULE 4.7 fails to disclose the specific Seller holding each interest listed thereon, Seller will provide such information to Buyer within 30 days after the date of this Agreement. Except as otherwise disclosed on SCHEDULE 4.7, Seller is the sole owner (both legal and equitable) and holds, or at the time of the Closing Company will hold, good and marketable fee simple absolute title to each parcel of Real Property disclosed as being owned by Seller on SCHEDULE 4.7 or is otherwise owned by Seller and all buildings, structures and improvements thereon and has the valid and enforceable right to use and possess such owned Real Property and improvements, in each case free and clear of all Encumbrances except for Permitted Encumbrances. Seller has, and at the Closing Company will have, valid and enforceable leasehold interests in the Real Property disclosed as being leased by Seller on SCHEDULE 4.7 or is otherwise leased by Seller and, with respect to other Real Property not owned or leased by Seller, Seller has, and at the Closing Company will have, the valid and enforceable right to use all other Real Property pursuant to the easements, licenses, rights-of-way or other rights disclosed on SCHEDULE 4.7 or is otherwise used by Seller, and all improvements thereon owned by Seller and included in the Assets, in each case free and clear of all Encumbrances except for Permitted Encumbrances. With respect to leasehold interests and other material interests in Real Property, Seller is not in breach or default of any terms or conditions of any written instrument relating thereto and, to Seller's Knowledge, no other party thereto is in material breach or default of any terms or conditions of any such written instrument.

4.7.2. There are no leases or other agreements, oral or written, granting to any Person other than Seller the right to occupy or use any Real Property, except as disclosed on SCHEDULE 4.7. Seller has provided Buyer with access to true and complete copies of each of the written leases and other agreements disclosed on SCHEDULE 4.7, including all amendments and addenda thereto. Each parcel of Real Property owned or leased by Seller, any improvements constructed thereon and their current use, conforms in all material respects to (a) all applicable Legal Requirements, and (b) all restrictive covenants, if any, or other Encumbrances affecting all or part of such Real Property.

4.7.3. Except as disclosed on SCHEDULE 4.7, each parcel of owned Real Property and each parcel of leased Real Property (a) has access to and over public streets or private streets for which Seller has a valid right of ingress and egress, (b) conforms in its current use and occupancy in all material respects to all zoning requirements and (c) conforms in its current use in all material respects to all restrictive covenants, if any, or other Encumbrances affecting all or part of such parcel. There are no pending or, to Seller's Knowledge, threatened condemnation actions or special assessments or proceedings for changes in the zoning with respect to such Real Property or any part thereof and

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Seller has not received any notice of the desire of any Governmental Authority or other entity to take or use any Real Property or any part thereof. Seller has complied in all material respects with all notices or orders to correct violations of Legal Requirements issued by any Governmental Authority having jurisdiction against or affecting any of the Real Property.

4.8. Environmental Matters.

4.8.1. Except as disclosed on SCHEDULE 4.8: (a) to the Knowledge of Seller, the Real Property currently complies in all material respects with Environmental Laws; (b) neither the Real Property owned by Seller nor, to the Knowledge of Seller, the Real Property leased by Seller is the subject of any court order, administrative order or decree arising under any Environmental Law; and (c) the Real Property has not been used by Seller for the generation, storage, discharge or disposal of any Hazardous Substances except as permitted under Environmental Laws. Except as disclosed on SCHEDULE 4.8, Seller has not received any written notice from any Governmental Authority alleging that the Real Property is in violation of any Environmental Law, and no claim based on any Environmental Law has been asserted to Seller in writing in the past or is currently pending or, to the Knowledge of Seller, threatened, with respect to any Real Property.

4.8.2. Seller has provided Buyer with complete and correct copies of (a) all studies, reports, surveys or other materials in Seller's possession or to which Seller has access relating to the actual or alleged presence, use, generation, release or disposal of Hazardous Substances at, on, under or affecting the Real Property, (b) all notices or other materials in Seller's possession or to which Seller has access that were received from any Governmental Authority respecting any Environmental Laws relating to the current or past ownership, use or operation of the Real Property or activities at the Real Property and (c) all notices and other materials in Seller's possession or to which Seller has access relating to any litigation or claim relating to the Real Property or other Assets or concerning any Environmental Law.

4.9. Compliance with Legal Requirements. Except as set forth on SCHEDULE 4.9:

4.9.1. The ownership, leasing and use of the Assets as they are currently owned, leased and used, and the conduct of the Business as it is currently conducted, do not violate or infringe in any material respect any Legal Requirements currently in effect (other than Legal Requirements described in Section 4.9.4, as to which the representations and warranties set forth in that subsection will exclusively apply). Seller has not received any notice of, and Seller has no Knowledge of, any basis for the allegation of any such violation or infringement.

4.9.2. A valid request for renewal has been duly and timely filed under Section 626 of the Communications Act with the proper Governmental Authority with respect to all Franchises that have expired prior to, or will expire within 30 months after, the date of this Agreement. Seller has not received notice from any Governmental Authority that it has determined or intends to deny renewal of any Franchise to which Seller is a party.

4.9.3. Seller has complied, and the Business is in material compliance with the Communications Act and the rules and regulations of the FCC, including all regulatory filings required thereunder and the technical standards set forth in Part 76, Subpart K, and with Section 111 of the U.S. Copyright Act of 1976 and the applicable rules and regulations of the U.S. Copyright Office and the Register of Copyrights, including the filing of all required Statements of Account with respect to each System since Seller's acquisition of such System.

4.9.4. Notwithstanding the foregoing and except as specifically limited herein, to Seller's Knowledge, each System is in compliance with the provisions of the Communications Act and FCC regulations, including provisions pertaining to signal leakage, utility pole make ready, grounding and bonding of cable television systems (in each case as the same is currently in effect). Seller has complied with the must carry, retransmission consent, and commercial leased access provisions of the Communications Act and FCC regulations as they relate to the Systems. Seller has used commercially reasonable good faith efforts to establish rates charged to subscribers, effective since September 1, 1993, that would be allowable under the Communications Act, and rules and regulations promulgated by the FCC, and any authoritative interpretation thereof now or then in effect, whether or not such rates were subject to regulation at that date by any Governmental Authority, including any state regulatory agency, local franchising authority and the FCC. Notwithstanding the foregoing, Seller makes no representation or warranty that either the rates charged to subscribers of the Systems would be allowable under any rules and regulations of the FCC or any authoritative interpretation thereof, promulgated after the Closing Date.

4.9.5. All necessary FAA approvals have been obtained and all necessary FCC tower registrations have been filed with respect to the height and location of towers used in connection with the operation of the Systems, and such towers are being operated in compliance in all material respects with applicable FCC and FAA rules.

4.10. Patents, Trademarks and Copyrights. To the Knowledge of Seller, the operation of the Business as currently conducted does not violate or infringe upon the rights of any Person in any copyright, trademark, service mark, patent, license, trade secret or similar intellectual property right.

4.11. Financial Statements. Seller has delivered to Buyer correct and complete copies of its unaudited balance sheets and unaudited statements of

operations for the Systems as of and for the periods ended December 31, 1999 and December 31, 2000 (the "Financial Statements"). The Financial Statements are in accordance with the books and records of Seller and fairly present, in all material respects, Seller's financial position and results of operations as of the dates and for the periods indicated, subject to normal year-end adjustments, allocations and accruals (none of which are deemed to be material to the operating cash flow of Seller). The Financial Statements reflect the fully allocated costs of operating the Systems, including all employee costs associated with operating the Systems. The Financial Statements have been prepared in accordance with GAAP, applied on a consistent basis throughout the periods covered thereby, except that they do not (a) reflect income taxes, (b) contain a statement of cash flows, (c) contain footnotes, or (d) fully reflect the allocation of AT&T Corp.'s purchase price to acquire Tele-Communications, Inc. for the 1999 period. Such purchase price allocations would primarily affect franchise costs, property and equipment, depreciation and amortization.

4.12. Absence of Certain Changes. Except as disclosed on SCHEDULE 4.12, since December 31, 2000: (a) no event or circumstance has occurred which, individually or in the aggregate, would reasonably be expected to have a Material Adverse Effect; (b) Seller has operated the Business only in the usual, regular and ordinary course; and (c) there has been no sale, assignment or transfer of any material Assets, or any theft, damage, removal, destruction or casualty loss of any material property. As of the date of this Agreement, since December 31, 2000, there has been no material change in accounting principles or practices with respect to the Business or revaluation by Seller of the Assets for financial reporting, property tax or other purposes.

4.13. Legal Proceedings. Except as disclosed on SCHEDULE 4.13, (a) there is no judgment or order outstanding, or any action, suit, complaint, proceeding or investigation by or before any Governmental Authority or any arbitrator pending, or to Seller's Knowledge, threatened, involving or affecting all or any part of the Business or Seller, except as would not reasonably be expected to materially adversely affect the Systems or the Business; (b) there are no claims, actions, suits, proceedings or investigations pending or, to Seller's Knowledge, threatened, by or before any Governmental Authority, or any arbitrator, by, against, affecting or relating to Seller which, if adversely determined, would restrain or enjoin the consummation of the transactions contemplated by this Agreement or declare unlawful the transactions or events contemplated by this Agreement or cause any of such transactions to be rescinded; and (c) there are no current rate proceedings, must-carry complaints or other actions, suits, complaints, proceedings or investigations pending against Seller alleging noncompliance by the Systems of any Franchise or License.

4.14. Tax Returns; Other Reports. Seller has duly and timely filed all federal, state, local and foreign Tax returns and other Tax reports required to be filed by Seller, and has timely paid all Taxes which have become due and payable, whether or not so shown on any such return or report, the failure of

which to be filed or paid could adversely affect or result in the imposition of an Encumbrance upon the Assets or create any transferee or other liability upon Buyer or Company, except such amounts as are being contested diligently and in good faith. Except as disclosed on SCHEDULE 4.14, Seller has received no notice of, nor does Seller have any Knowledge of, any deficiency, assessment or audit, or proposed deficiency, assessment or audit from any taxing Governmental Authority which could affect or result in the imposition of an Encumbrance upon the Assets or create any transferee or other liability upon Buyer or Company. Except as disclosed on SCHEDULE 4.14, the Assets are not subject to any joint venture, partnership or other arrangement or contract which is treated as a partnership for Federal Income tax purposes. Each material election with respect to income Taxes is set forth on SCHEDULE 4.14.

4.15. Employment Matters.

4.15.1. Seller has complied in all material respects with all applicable Legal Requirements relating to the employment of labor, including the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), continuation coverage requirements with respect to group health plans, and those relating to wages, hours, collective bargaining, unemployment insurance, worker's compensation, equal employment opportunity, discrimination, immigration control and the payment and withholding of Taxes.

4.15.2. For purposes of this Agreement, "Seller Plans" means (a) each employee benefit plan (as defined in Section 3(3) of ERISA), other than any defined benefit plan subject to Title IV of ERISA or any multiemployer plan (as defined in Section 3(37) of ERISA), which is sponsored or maintained by Seller or its ERISA Affiliates or to which Seller contributes, and which benefits System Employees, or (b) each multiemployer plan (as defined in Section 3(37) of ERISA) or defined benefit plan subject to Title IV of ERISA sponsored or maintained by Seller or any of Seller's ERISA Affiliates or to which Seller or any of its ERISA Affiliates is obligated to contribute. The Seller Plans in which any System Employee participates are disclosed on SCHEDULE 4.15.2. None of Seller, any Seller Plan other than a multiemployer plan (as defined in Section 3(37) of ERISA), or, to the Knowledge of Seller, any Seller Plan that is a multiemployer plan (as defined in Section 3(37) of ERISA), is in material violation of any provision of ERISA or the Code for which Buyer will have any liability after the Closing Date. No (i) "reportable event" described in Sections 4043(c)(1), (2), (3), (5), (6), (7), (10) and (13) of ERISA, (ii) non-exempt "prohibited transaction" (as defined in Section 406 of ERISA or Section 4975 of the Code), (iii) "accumulated funding deficiency" (as defined in Section 302 of ERISA) or (iv) "withdrawal liability" (as determined under Section 4201 et seq. of ERISA) has occurred or exists and is continuing with respect to any Seller Plan. "ERISA Affiliate" means, as to any Person, any trade or business, whether or not incorporated, which together with such Person would be deemed a single employer as determined under Section 4001 of ERISA. There are no Liens against the Assets under Section 412(n) of the Code or Sections 302(f) or 4068

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of ERISA. At the Closing, Buyer will have no obligation to contribute to, or any liability in respect of, any Seller Plan, or any similar employment, severance or other arrangement or policy (whether written or oral) providing for insurance coverage (including self-insured arrangements), workers' compensation, disability benefits, supplemental unemployment benefits, vacation benefits (except as provided in this Agreement), fringe benefits or retirement benefits, or for profit sharing, deferred compensation, bonuses, stock options, stock appreciation or other forms of incentive compensation or post-retirement insurance, compensation or benefits, sponsored or maintained by Seller or any of its ERISA Affiliates, or to which Seller or any of its ERISA Affiliates is obligated to contribute.

4.15.3. Except as disclosed on SCHEDULE 4.15, as of the date of this Agreement, no collective bargaining agreements are applicable to any System Employee and Seller has no duty to bargain with any labor organization with respect to any System Employees. None of the collective bargaining agreements applicable to any System Employee require Seller to impose the collective bargaining agreement upon Buyer or Company. Except as disclosed on SCHEDULE 4.15, as of the date of this Agreement, there are not pending, or to Seller's Knowledge, threatened, any labor disputes, unfair labor practice charges, material labor arbitration proceedings or labor grievances against Seller, any demand for recognition or any other request or demand from a labor organization for representative status with respect to any System Employee. Except as disclosed on SCHEDULE 4.15, Seller has no employment agreements, either written or oral, with any System Employee. Except as disclosed on SCHEDULE 4.15, there are no work stoppages, strikes or other concerted activities by employees of Seller pending, or to Seller's Knowledge, threatened against Seller.

4.16. System Information. With respect to each of the Systems, disclosed on SCHEDULE 4.16 are (a) the approximate number of plant miles (aerial and underground) for the System, (b) the minimum bandwidth capability, channel capacity and two-way capability of each headend, (c) the stations and signals carried by the System and (d) the channel position of each such signal and station (including a designation of which broadcast stations are distributed pursuant to a retransmission consent and which are distributed pursuant to a must-carry election), which information is true and correct in all material respects, in each case as of the applicable dates specified therein and subject to any qualifications set forth therein. Also disclosed on SCHEDULE 4.16 are the approximate number of homes passed by the System, and the number of subscribers of the System as of the applicable dates and calculated pursuant to the methodology specified therein. Seller has delivered to Buyer information on the channel lineups and the monthly rates charged for each class of service for the Systems (including installation charges), which information is true and correct in all material respects, in each case as of the applicable dates specified therein and subject to any qualifications set forth therein.

4.17. Finders and Brokers. Other than Daniels & Associates (whose fees will be paid by Seller), Seller has not employed any financial advisor, broker or finder or incurred any liability for any financial advisory, brokerage, finder's or similar fee or commission in connection with the transactions contemplated by this Agreement for which Buyer or Company could be liable.

4.18. Disclosure. Any item required to be disclosed on more than one Schedule to this Agreement will be deemed properly disclosed on another Schedule if it is disclosed on any Schedule to this Agreement, as long as such disclosure includes an appropriate cross-reference or it is reasonably apparent from the face and context of the item disclosed that it should be disclosed on such other Schedule.

4.19. Securities Law Matters. Seller understands and acknowledges that the Share Consideration has not been registered or qualified under the federal or applicable state securities laws and the Share Consideration is being transferred to Seller in reliance upon applicable exemptions from such registration and qualification requirements. Seller is an "accredited investor" within the meaning of the federal securities laws and acknowledges it has been furnished with or afforded access to, and has had the opportunity to ask questions and receive answers concerning, all information pertaining to the Share Consideration. The Share Consideration is being acquired by Seller for investment only and not with a view to any resale or other distribution thereof. Seller understands that each share of Charter Class A Common Stock included in the Share Consideration is a "restricted security" within the meaning of the federal securities laws and agrees that it will not offer to sell or otherwise dispose of the Share Consideration in violation of the registration and qualification requirements of the federal and applicable state securities laws. The certificates for the Charter Class A Common Stock included in the Share Consideration will bear the following legend:

> THE SECURITIES REPRESENTED HEREBY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR ANY STATE SECURITIES LAW, AND MAY NOT BE OFFERED, SOLD OR OTHERWISE TRANSFERRED, PLEDGED OR HYPOTHECATED UNLESS AND UNTIL REGISTERED UNDER SAID ACT OR, IN THE OPINION OF COUNSEL IN FORM AND SUBSTANCE REASONABLY SATISFACTORY TO THE ISSUER OF THESE SECURITIES, SUCH OFFER, SALE, TRANSFER, PLEDGE OR HYPOTHECATION DOES NOT VIOLATE THE PROVISIONS THEREOF.

4.20. Investment Company. Seller is not, and upon consummation of the transactions contemplated by this Agreement will not be, an "Investment Company" required to register as such under the Investment Company Act of 1940, as amended.

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4.21. Seller Tax Matters.

4.21.1. Seller (i) has neither agreement to make nor is required to make any adjustment under Section 481 of the Code by reason of a change in accounting method and (ii) is not a "consenting corporation" within the meaning of Section 341(f)(1) of the Code.

4.21.2. Seller has not made any payments, is not obligated to make any payments, nor is a party to any contract, agreement or arrangement covering any current or former employee or consultant of Seller that under certain circumstances could require it to make or give rise to any payments that are not deductible as a result of the provisions set forth in Section 280G of the Code or the Treasury Regulations thereunder or would result in an excise tax to the recipient of any such payment under Section 4999 of the Code.

4.21.3. Seller has no material federal tax attributes.

5. BUYER'S REPRESENTATIONS AND WARRANTIES.

Buyer represents and warrants to Seller, as of the date of this Agreement and as of the Closing, as follows:

5.1. Organization and Qualification. Buyer is a corporation duly organized, validly existing and in good standing under the laws of Delaware and has all requisite power and authority to carry on its business as currently conducted and to own, lease, use and operate its assets. Buyer is duly qualified to do business and is in good standing under the laws of each jurisdiction in which the character of the properties owned, leased or operated by it or the nature of the activities conducted by it makes such qualification necessary.

5.2. Authority and Validity. Buyer has all requisite power and authority to execute and deliver, to perform its obligations under, and to consummate the transactions contemplated by, this Agreement and the Transaction Documents. The execution and delivery by Buyer of, the performance by Buyer of its obligations under, and the consummation by Buyer of the transactions contemplated by, this Agreement and the Transaction Documents to which Buyer is a party have been duly authorized by all requisite entity action. This Agreement is, and when executed and delivered by Buyer, the Transaction Documents will be, the valid and binding obligations of Buyer, enforceable in accordance with their respective terms, except insofar as enforceability may be limited or affected by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws now or hereafter in effect affecting creditors' rights generally or by principles governing the availability of equitable remedies.

5.3. No Conflicts; Required Consents. Subject to the receipt of any consent or the expiration or termination of the applicable waiting period under the HSR Act, and assuming the Required Consents have been obtained, the execution and delivery by Buyer, the performance of Buyer under, and the

consummation by Buyer of the transactions contemplated by, this Agreement and the Transaction Documents to which Buyer is a party do not and will not: (a) violate any provision of the organizational documents of Buyer; (b) violate any material Legal Requirement; or (c) require any consent, waiver, approval or authorization of, or any filing with or notice to, any Person.

5.4. Finders and Brokers. Buyer has not employed any financial advisor, broker or finder or incurred any liability for any financial advisory, brokerage, finder's or similar fee or commission in connection with the transactions contemplated by this Agreement for which Seller could be liable.

5.5. Legal Proceedings. There are no claims, actions, suits, proceedings or investigations pending or, to Buyer's knowledge, threatened, by or before any Governmental Authority, or any arbitrator, by, against, affecting or relating to Buyer which, if adversely determined, would restrain or enjoin the consummation of the transactions contemplated by this Agreement or declare unlawful the transactions or events contemplated by this Agreement or cause any of such transactions to be rescinded.

5.6. Securities Law Matters. Buyer understands and acknowledges that the Company Interests have not been registered or qualified under the federal or applicable state securities laws and the Company Interests are being sold to and purchased by Buyer in reliance upon applicable exemptions from such registration and qualification requirements. Buyer is an "accredited investor" within the meaning of the federal securities laws and acknowledges it has been furnished with or afforded access to, and has had the opportunity to ask questions and receive answers concerning, all information pertaining to the Company Interests. The Company Interests are being acquired by Buyer for investment only and not with a view to any public distribution thereof. Buyer understands that the Company Interests are "restricted securities" within the meaning of the federal securities laws and agrees that it will not offer to sell or otherwise dispose of the Company Interests in violation of the registration and qualification requirements of the federal and applicable state securities laws.

5.7. Investment Company. Buyer is not, and upon consummation of the transactions contemplated by this Agreement will not be, an "Investment Company" required to register as such under the Investment Company Act of 1940, as amended.

5.8. Balance Sheet. Buyer has delivered, or at or before the Closing will deliver, to the Sellers a true and complete copy of an audited consolidated balance sheet of Buyer and its consolidated subsidiaries as of December 31, 2000. As of the date of this Agreement, all cable television operations of Buyer and its Affiliates are conducted through Buyer or one or more of its direct or indirect subsidiaries or joint ventures or other Persons in which Buyer holds an equity interest.

5.9. Delivery of Share Consideration. The Share Consideration being issued hereunder, when issued and delivered in accordance with the terms of this Agreement for the consideration expressed herein, will be duly authorized, validly issued, fully paid and nonassessable. The delivery of such Share Consideration pursuant to this Agreement will transfer to the Sellers good and valid title to such Share Consideration, free and clear of all Encumbrances and any other limitations or restrictions (including any restrictions on the right to vote, sell or otherwise dispose of such interest), other than the transfer restrictions imposed by applicable Legal Requirements or set forth in the Registration Rights Agreement.

5.10. SEC Filings; Financial Information.

5.10.1. Buyer has made available to Seller (a) Buyer's Registration Statement No. 333-41486 including the Prospectus contained therein and all amendments thereto and prospectus supplements thereto prior to the date of this Agreement, (b) Buyer's Form 10-Q for each of the quarters ended June 30, 2000, September 30, 2000, and December 31, 2000, (c) all Form 8-Ks filed subsequent to December 31, 2000, and (d) Buyer's Registration Statement No. 333-54394 including all amendments thereto (the "Current Filings"). The Current Filings, as of the date of the filing thereof, did not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading.

5.10.2. The financial information of Buyer and its subsidiaries contained in the Current Filings fairly present in all material respects, as of the dates thereof and for the periods then ended, the financial condition and results of operation of Buyer and its consolidated subsidiaries in conformity with GAAP (except as indicated in the notes thereto), subject to normal year-end adjustments with respect to unaudited financial statements.

5.11. Buyer Tax Matters.

5.11.1. Buyer has no plan or intention to sell or otherwise dispose of any of the assets of the Company acquired in the Transaction, except for dispositions made in the ordinary course of business or transfers described in Section 368(a)(2)(C) of the Code or Treasury Reg. Section 1.368-2(k)(1) or Treasury Reg. Section 1.368-1(d)(4)(iii).

5.11.2. Buyer or a party related to Buyer within the meaning of Treasury Reg. Section 1.368-1(e)(3) has no plan or intention to acquire any of the Charter Class A Common Stock issued in the Transaction.

5.11.3. Except as contemplated by this Agreement, neither Buyer nor any of its Affiliates has taken or agreed to take any action, nor do its executive officers have any actual knowledge of any fact or circumstance, in

each case that would prevent the Transaction from qualifying as a "reorganization" within the meaning of Section 368(a) of the Code.

6. ADDITIONAL COVENANTS.

6.1. Access to Premises and Records. Between the date of this Agreement and the Closing Date, upon reasonable advance notice from Buyer to Seller, Seller will give Buyer and its representatives reasonable access during normal business hours to all the premises and the Books and Records of the Business, to all the Assets, to the general managers of the Systems, and to other AT&T corporate personnel to the extent reasonably necessary to effect a transition of the operations of the Systems to Buyer following the Closing, and will furnish to Buyer and its representatives all information regarding the Business, the Assets and, to the extent reasonably necessary to effect any transition with respect to any Excluded Assets, the Excluded Assets, as Buyer may from time to time reasonably request. No investigation will affect or limit the scope of any of the representations, warranties, covenants and indemnities of the other in this Agreement or in any Transaction Document or limit liability for any breach of any of the foregoing. Buyer will use commercially reasonable efforts to give Seller prompt notice of Buyer's discovery of any event or condition that could constitute such a breach. All requests for access to AT&T corporate personnel will be made to Patty Conroy, at 303-858-3609.

6.2. Continuity and Maintenance of Operations; Financial Statements. Except as Buyer may otherwise consent in writing (which consent, when requested in connection with any conduct described in Sections 6.2.1, 6.2.2, 6.2.3 or 6.2.7, will not be withheld unreasonably), until the Closing:

6.2.1.Seller will conduct the Business in good faith and operate the Systems only in the ordinary course consistent in all material respects with past practices, and will use commercially reasonable efforts, to the extent consistent with such conduct and operation, to (a) preserve the Business intact, including preserving existing relationships with franchising authorities, suppliers, customers and others having business dealings with Seller relating to the Business and (b) keep available the services of the System Employees (but will be under no obligation to incur any costs in addition to what Seller is currently incurring to do so).

6.2.2.Seller will maintain the Assets in good repair, order and condition (ordinary wear and tear excepted), will maintain Equipment and inventory for the Systems at normal historical levels consistent with past practices (as adjusted to account for abnormally high inventory levels related to construction activity), will maintain in full force and effect, policies of insurance with respect to the Business in such amounts and covering such risks as customarily maintained by operators of cable television systems of similar size and geographic location as the Systems, and will maintain its books, records and accounts in the ordinary manner on a basis consistent with past practices. Seller

will (a) only report and write off accounts receivable in accordance with past practice, (b) withhold and pay when due all Taxes relating to System Employees, the Assets or the System, (c) maintain service quality of the Systems at a level at least consistent with past practices, (d) file with the FCC all reports required to be filed under applicable FCC rules and regulations, and (e) comply in all material respects with all Legal Requirements with respect to the Systems. Seller will (x) undertake capital programs contemplated by the System's capital budget, (y) exercise good faith efforts to expend the amount described on its capital budget in accordance with the categories described with respect to each such capital program and (z) undertake capital programs reasonably requested by Buyer, provided that such requests do not, in the aggregate, require capital expenditures in excess of $10,000,000, and would not reasonably be expected to cause Seller to breach any Contract by which it is bound or any Legal Requirement or hinder or delay the Closing.

6.2.3.Seller will not, except as disclosed on SCHEDULE 6.2: (a) sell, transfer or assign any portion of the Assets other than sales in the ordinary course of business; (b) modify, terminate, renew (other than in the ordinary course or as required by this Agreement) suspend or abrogate any Franchises, Licenses or material Contracts (other than those constituting Excluded Assets); (c) enter into any non-ordinary course Contract or commitment involving an expenditure in excess of $50,000 individually, or $500,000 in the aggregate, other than Contracts or commitments which are cancellable on 30 days' notice or less without penalty and other than as contemplated by this Agreement; (d) modify its procedures for disconnection and discontinuation of service to subscribers whose accounts are delinquent; (e) except in accordance with an AT&T-wide plan or program (in which case Seller will give prior notice to Buyer) increase the compensation or materially change any benefits (other than severance benefits) available to System Employees, except as required pursuant to existing written agreements, or in the ordinary course of business consistent with past practice; (f) create, assume or permit to exist any Encumbrance (other than Permitted Encumbrances) on any of the Assets, other than any Encumbrance which will be released at or prior to the Closing; (g) make any Cost of Service Election; (h) enter into any agreement with or commitment to any competitive access provider and/or local exchange company or any internet access or on-line services provider with respect to the use or lease of any of the Assets; (i) enter into any collective bargaining agreement covering the System Employees who are not now covered by a collective bargaining agreement or enter into any new bonus, stock option, profit sharing, compensation, pension, welfare, retirement, employment or similar agreement that would create any liability to Buyer or Company after the Closing Date, except where required by any Legal Requirement; (j) decrease the rate charged for any level of Basic Services, Expanded Basic Services or any Pay TV, except to the extent required by any Legal Requirement or, except as expressly permitted by SCHEDULE 6.2 or in connection with any rebuild, add, delete, retier or repackage any analog programming services, in each case except to the extent required under the 1992 Cable Act or any other Legal Requirement; provided, however, that if rates are

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decreased in order to so comply, Seller will provide Buyer with copies of any FCC forms (even if not filed with any Governmental Authority) used to determine that the new rates were required; (k) engage in any marketing, subscriber installation, collection or disconnection practices outside the ordinary course of business or inconsistent with past practice; (l) enter into, modify or amend any Contract for any fiber or fiber capacity lease or use arrangements; (m) offer telephony or related services in Systems where such services are not offered as of the date of this Agreement; or (n) convert any of the Systems to any billing system or otherwise change billing arrangements for any of the Systems.

6.2.4.Seller will deliver to Buyer true and complete copies of any monthly and quarterly financial statements and operating reports with respect to the Business which are prepared by or for Seller in the ordinary course of business at any time between the date of this Agreement and the Closing Date, including System level and consolidated state level expanded and detailed statements of operating income and cash flow with respect to the Business. Seller will further promptly deliver to Buyer any other reasonable financial information related to the Systems requested by Buyer. Prior to Closing, Seller will provide prompt notice to Buyer of any change in accounting principles or practices with respect to the Business or revaluation by Seller of the Assets for financial reporting, property tax or other purposes.

6.2.5.Within 30 days after the date of this Agreement, or with respect to items that are prepared, filed or received by Seller after the date hereof, within 5 Business Days after the date of preparation, filing or receipt, Seller will provide to Buyer true and complete copies of each of the following items (unless previously provided):

(i) each Franchise and License related to the Systems;

(ii) all pending applications relating to any Franchise or License pending before any Governmental Authority;

(iii) a list setting forth the expiration date of all Franchises, Licenses, Authorizations and permits listed on Schedule 4.5;

(iv) any pending notice received from any Governmental Authority that it has determined or intends to terminate, modify or deny renewal of any Franchise to which Seller is a party;

(v) all pending requests for renewal with respect to any Franchise filed under Section 626 of the Communications Act;

(vi) any relevant documentation supporting an exemption from the rate regulation provisions of the 1992 Cable Act claimed by Seller with respect to the Systems;

(vii) the most recent applicable FCC Forms 328, 329, 393, 1200, 1205, 1210, 1215, 1220, 1235 and 1240 and other FCC rate forms (collectively, the "FCC Rate Forms"), if any, filed with any Governmental Authority with respect to any of the Systems;

(viii) all historical FCC Rate Forms filed with any Governmental Authority with respect to any of the Systems where there is a rate issue pending (including any accounting order or rate order on appeal);

(ix) all other reports, filings and correspondence made or filed with the FCC or pursuant to the FCC rules and regulations filed after the date which is one year prior to the date of this Agreement;

(x) all complaints, petitions, answers, responses and other filings made with or by any Governmental Authority in connection with any rate orders issued by such Governmental Authority or any appeal therefrom with respect to any Franchise or any System;

(xi) all documentation relating to any System with respect to the carriage of broadcast signals under current must-carry and retransmission consents;

(xii) any social contract entered into with the FCC in respect of any System with regard to rate regulation, subscriber refunds and other matters;

(xiii) all reports, filings and correspondence with respect to any System made or filed with the U.S. Copyright Office or pursuant to the U.S. Copyright Office rules and regulations on or after the date which is three years prior to the date of this Agreement;

(xiv) a schedule setting forth the ownership, height (with and without appurtenances), location (address, latitude, longitude and ground elevation), structure type and FCC call signs of each tower used in connection with the operation of the Systems;

(xv) all available Federal Aviation Administration ("FAA") final determinations (if applicable) and FCC registrations for all such towers;

(xvi) all Contracts and Real Property agreements related to the Systems;

(xvii) a list of all headends, Franchises and unfranchised communities indicating the number of basic subscribers served in each; and

(xviii) a schedule setting forth (i) the cities, towns, villages, boroughs and counties served by each system; (ii) the approximate number of

single family and residential and commercial MDUs passed by each Franchise and System; and (iii) the FCC CUID numbers for each Franchise.

6.2.6. Each month, Seller will deliver to Buyer, a schedule indicating the then current status of the Required Consents marked with an asterisk on SCHEDULE 4.3 and what action has been taken by Seller with respect to obtaining such Required Consents. Beginning 60 days after the date of this Agreement, Seller will provide weekly updates (by telephone, electronic mail or in writing) to Buyer regarding the status of such Required Consents.

6.2.7. Seller will use its commercially reasonable efforts to challenge and contest any litigation brought against or otherwise involving Seller that could result in the imposition of Legal Requirements that could cause the conditions to the Closing not to be satisfied, or to settle such litigation. Seller will not, without Buyer's consent, enter into any settlement of any litigation that will bind Buyer, Company or any System to any material obligation following the Closing, impose any liability on Buyer or Company following the Closing, or otherwise breach any representation or covenant contained in this Agreement.

6.2.8. Seller will cause its appropriate Affiliates to be bound by and comply with the provisions of this Section 6.2 to the extent such Affiliates own, operate or manage any of the Assets or Systems.

6.2.9. In the event that Seller is notified of any proposal with respect to the creation, deletion or modification of any so called "open access" provision that would be applicable to any System, whether imposed by a Franchise, state or local law, or state or local regulation, mandating that the franchisee permit one or more Internet service providers that are not affiliated with the franchisee to offer service over the franchisee's System facilities, Seller will provide Buyer with notice of such proposal, will provide Buyer with information regarding such proposal as Buyer reasonably requests, and will permit Buyer to provide input to AT&T regarding AT&T's negotiations and discussions with respect to such proposal.

6.3. Employee Matters.

6.3.1. Except as set forth in this Section 6.3.1, Buyer may, but will have no obligation to, cause Company or its Affiliate to employ or offer employment to, any or all System Employees. Within 30 days after the date of execution of this Agreement, Seller will provide to Buyer a schedule of all System Employees by work location as of a recent date, showing the original hire date, the then-current positions and rates of compensation, rate type (hourly or salary) and scheduled hours per week, and whether the employee is subject to an employment agreement, a collective bargaining agreement or represented by a labor organization (the "System Employee Schedule"). Buyer will maintain the System Employee Schedule in strict confidence. The System Employee Schedule will be updated as necessary to reflect new hires or other personnel changes.

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Within 60 days after receipt of the System Employee Schedule, or such other date as the parties may agree, Buyer will provide Seller in writing a schedule of the System Employees Buyer will cause Company to offer to employ following the Closing (the "Offer/No Offer Schedule"), subject only to the pre-hire evaluations permitted by this Section 6.3.1. Buyer will cause Company to provide in writing notification of such offer, subject only to the pre-hire evaluations permitted by this Section 6.3.1, to each System Employee included on the Offer/No Offer Schedule no later than 30 days prior to the Closing. Seller agrees, and will cause its appropriate Affiliates, to cooperate in all reasonable respects with Buyer to allow Buyer or its Affiliates to evaluate its System Employees to make hiring decisions. In this regard, Buyer will have the opportunity to make such appropriate pre-hire investigation of the System Employees, as Buyer deems necessary, including the right to review personnel files and the right to interview such employees during normal working hours so long as such interviews are conducted after notice to Seller and do not unreasonably interfere with Seller's operations and such investigations and interviews do not violate any Legal Requirement. Seller agrees, and will cause its appropriate Affiliates, to cooperate in all reasonable respects with Buyer to allow Buyer or its Affiliates to evaluate its System Employees to make hiring decisions so long as Buyer provides notice to Seller and such evaluation does not unreasonably interfere with Seller's operations and such evaluations do not violate any law or Contract. All offers for initial employment with Company will be for employment with substantially similar responsibilities at a geographic location within a 35-mile radius of such System Employee's primary place of employment and same base compensation such System Employee is receiving as of the Closing Date. Seller acknowledges that nothing in this Agreement will restrict Buyer from changing a Hired Employee's job description, responsibilities, location, salary or benefits following the Closing. To the extent consent is required by applicable law, Seller will use good faith efforts to obtain the consent of each of its System Employees to allow Buyer to review personnel files in connection with the foregoing. Buyer or its Affiliates may, if it wishes, condition any offer of employment upon the employee's passing a pre-employment drug screening test, the completion of a satisfactory background check and, if the employee is on Approved Leave of Absence, upon the employee's return to active service (with or without reasonable accommodations) within 12 weeks after the Closing Date or, if earlier, on the first Business Day following expiration of the employee's Approved Leave of Absence. For purposes of this Agreement, employees on "Approved Leave of Absence" means employees absent from work on the Closing Date and unable to perform their regular job duties by reason of illness or injury under approved plans or policies of the employer (other than employee's absence for less than five days due to short term illness or injury not requiring written approval by the employer) or otherwise absent from work under approved or unpaid leave policies of the employer. Buyer will bear the expense of such examination but Seller will, upon reasonable notice, cooperate in the scheduling of such examinations so long as the examinations do not unreasonably interfere with Seller's operations. The

selection of employees to be offered employment by Buyer will be made at the sole and absolute discretion of Buyer. As of the Closing Date, neither Buyer, Company nor any of their Affiliates will have any obligation to Seller, its Affiliates or to the Seller's employees, with regard to any employee it has determined not to hire. As of the Closing Date, Seller will, and will cause its appropriate Affiliates to, terminate the employment of all System Employees that are hired by Buyer or its Affiliates (the "Hired Employees") as of the Closing Date. Notwithstanding any of the foregoing, from the date hereof until the Closing, and other than in connection with offers of employment to such employees to take effect at the Closing, Buyer agrees not to solicit for employment prior to the Closing (other than through general advertisements), without the written consent of the other, any System Employee.

6.3.2. As of the Closing Date, Seller will be responsible for and will cause to be discharged and satisfied in full or, with respect to Seller Plans, will have adequately funded or reserved for, all amounts due and owing to each System Employee (whether or not such employees are hired by Buyer or Company as of or after the Closing) with respect to and in accordance with the terms of all compensation plans or Seller Plans, including without limitation, any compensation including salaries, commissions, deferred compensation, severance (if applicable), insurance, pension, profit sharing, disability payment, medical, sick pay, holiday, accrued and unused vacation in excess of the amount Buyer assumes pursuant to this Section, payments under any incentive compensation or bonus agreement, in each case, which has accrued on or prior to the Closing Date and other compensation or benefits to which they are entitled for periods prior to the Closing Date (and, for Employees on Approved Leave of Absence, until their termination by Seller, or its appropriate Affiliate, or their employment by Company, or its appropriate Affiliate, as set forth in Section 6.3.1). Seller will satisfy any legal obligation with respect to continuation of group health coverage required pursuant to Section 4980B of the Code or Section 601, et seq., of ERISA with respect to all System Employees whose employment with Seller or any of Seller's ERISA Affiliates terminates on or before the Closing Date. Any liability under the Worker Adjustment and Retraining Notification Act, 29 U.S.C. Section 2101, et seq. ("WARN") with regard to any employee terminated on or prior to the Closing Date, or not hired by Buyer on or after the Closing Date, will, as a matter of contract between the parties, be the responsibility of Seller. Buyer will cooperate with Seller and Seller's Affiliates, if requested, in the giving of WARN notices on behalf of the other party.

6.3.3. Buyer and Seller hereby acknowledge and agree that, pursuant to the authority of Revenue Ruling 2000-27, the transactions contemplated by this Agreement will result in a permissible distribution event under Section 401(k) of the Code from any Seller Plan designed to satisfy the requirements of Section 401(k) of the Code.

6.3.4. Except as otherwise expressly provided pursuant to the terms of this Agreement, neither Buyer, Company nor any of their Affiliates will have

or assume any obligation or liability under or in connection with any Seller Plan. In regard to any System Employee on an Approved Leave of Absence, such responsibility for benefit coverage of such System Employee, and liability for payment of benefits, will remain that of Seller, or the appropriate Affiliate of Seller, until such employee becomes an employee of Company after the Closing pursuant to Section 6.3.1 or is terminated by Seller or its appropriate Affiliate. For purposes of this Agreement, the following claims and liabilities will be deemed to be incurred as follows: (i) medical, dental and/or prescription drug benefits upon the rendering of the medical, dental, pharmacy or other services giving rise to the obligation to pay such benefits except with respect to such benefits provided in connection with a continuous period of hospitalization, which will be deemed to be incurred at the time of admission to the hospital; (ii) life, accidental death and dismemberment and business travel accident insurance benefits and workers' compensation benefits, upon the occurrence of the event giving rise to such benefits; and (iii) salary continuation or other short-term disability benefits, or long-term disability, upon commencement of the disability giving rise to such benefit.

6.3.5. (a) Notwithstanding anything to the contrary herein, Buyer will, or will cause Company to:

(i) upon receipt of a schedule showing the vacation balances and value of such balances of each Hired Employee (as defined below), which schedule will be delivered by Seller to Buyer within 10 days after the Closing, credit each Hired Employee the amount of vacation time (but not sick time) permitted to be accrued by employees of Buyer in accordance with Buyer's standard practices (to a maximum of four weeks) accrued and unused by him or her as a System Employee through and including the Closing Date to the extent Buyer has received an adjustment to the Purchase Price therefor; provided, however, that if any Hired Employee has accrued vacation time in excess of the amount transferred to Buyer, then Seller will, and will cause its appropriate Affiliate to, pay to such employee the amount of such excess and neither Buyer, Company nor any of their Affiliates will assume any liability or obligation in respect of such excess;

(ii) give each Hired Employee credit for such employee's past service with Seller and its Affiliates as of the Closing Date as reflected on the System Employee Schedule (which may include past service with any prior owner or operator of the Systems) ("Past Service") for purposes of eligibility to participate in Buyer's employee welfare benefit (including medical, dental, flexible spending accounts, accident, life insurance plans and programs, disability plans, and other employee welfare benefits) plans (the "Buyer's Welfare Plans") that are generally available to similarly situated employees of Buyer and such employees' dependents;

(iii) give each Hired Employee credit for such employee's Past Service for purposes of participation and vesting under Buyer's employee

401(k) plan, provided that Buyer will not be obligated to establish a special entry date under such plan for Hired Employees;

(iv) give each Hired Employee credit for such employee's Past Service with Seller and its Affiliates as of the Closing Date for any waiting periods under Buyer's Welfare Plans that are generally available to similarly situated employees of Buyer and except to the extent any Hired Employees were subject to any limitations on benefits for any preexisting conditions or requirements for evidence of insurability under Seller's Plans, not subject any Hired Employees to such limitations, provided that the treatment is covered under Buyer's group health plans; and

(v) credit each Hired Employee under any Buyer group health plan for any deductible amount and out of pocket expenses and similar limits applicable and previously met by such Hired Employee as of the Closing Date under any of the group health plans of Seller or its Affiliates for the plan year in which the transfer of employment occurs.

(b) Notwithstanding anything set forth in Section 6.3.5(a), Company will have no obligation to System Employees who are Employees on Approved Leave of Absence until they become employees of Company pursuant to Section 6.3.1 hereof.

6.3.6. If Buyer or Company discharges any Hired Employee without cause within 90 days after the Closing Date, then Buyer will cause Company to pay severance pay to such Hired Employee in accordance with Seller's severance benefit plan in effect as of the Closing, taking into account such Hired Employee's Past Service as well as such Hired Employee's period of employment with Buyer for purposes of calculating severance pay under such plan. Seller will reimburse Buyer upon request if and to the extent such severance pay exceeds the severance pay that would have been payable under Seller's severance benefit plan in effect as of the date of this Agreement. Following such 90-day period, each Hired Employee will be covered under the Buyer's severance benefit plan and Buyer will count the period of employment with Buyer as well as such Hired Employee's Past Service for purposes of calculating benefits under such plan. For purposes of this Agreement, "cause" means (a) conviction (including a plea of guilty or nolo contendere) of a crime involving theft, fraud, dishonesty or moral turpitude, (b) intentional or grossly negligent disclosure of confidential or trade secret information of Buyer (or any of its Affiliates) to anyone who is not entitled to receive such information; (c) gross omission or gross dereliction of any statutory or common law duty of loyalty to Buyer or any of its Affiliates; (d) willful violation of Buyer's code of conduct or other written policies or procedures; or (e) repeated failure to carry out the duties of the employee's position despite specific instruction to do so.

6.3.7. If Seller has, or acquires, a duty to bargain with any labor organization with respect to any of System Employees, then Seller will (i) give

prompt written notice of such development to Buyer, including notice of the date and place of any negotiating sessions as they are planned or contemplated and permit Buyer to have a representative present at all negotiating sessions with such labor organization and at all meetings preparatory thereto (including making Buyer's representative a representative of Seller's delegation if required by the labor organization), and (ii) not, without Buyer's written consent, enter into any contract with such labor organization that purports to bind Buyer or Company, including any successor clause or other clause that would have this purpose or effect. Seller acknowledges and agrees that Buyer has not agreed to be bound, and that neither Buyer nor Company will be bound, without an explicit assumption of such liability or responsibility by Buyer, by any provision of any collective bargaining agreement or similar contract with any labor organization to which Seller or any its Affiliates is or may become bound. Except as may be required on the part of Seller or its Affiliates by operation of law or under the Neutrality and Consent Agreement effective July 1, 1999 by and among CWA, IBEW and certain business operating units and divisions of AT&T Corp. and modified effective May 10, 2000, and September 21, 2000 (as so modified, the "NCE Agreement") (a true, correct and complete copy of which, including modifications, has been provided to Buyer), and then only upon written notice to Buyer of any proposed action or non-action and after consultation in good faith with Buyer, Seller will take no action or engage in any inaction which might obligate or require Buyer or Company to recognize or bargain with any labor organization on behalf of Systems Employees. Nothing in this Section 6.3.7 will be deemed a waiver of Seller's attorney-client privilege.

6.3.8. Nothing in this Section 6.3 or elsewhere in this Agreement will be deemed to make any employee of Seller a third party beneficiary of this Agreement.

6.4. Leased Vehicles; Other Capital Leases. Seller will pay the remaining balances on any leases for vehicles or capital leases included in the Equipment and will deliver title to such vehicles and other Equipment free and clear of all Encumbrances (other than Permitted Encumbrances) to Company at the Closing.

6.5. Consents.

6.5.1. Prior to the Closing, Seller will use commercially reasonable efforts to obtain in writing, as promptly as possible and at its expense, all the Required Consents, in form and substance reasonably satisfactory to Buyer and will deliver to Buyer copies of such Required Consents after they are obtained by Seller; provided, that Seller will use a form of letter or application prepared by Buyer (subject to reasonable review and comment by Seller); provided that in no event will Seller request the consent of any Third Party or Affiliate later than 45 days following the date hereof. All documents delivered or filed with any Governmental Authority or any Person by or on behalf of Seller pursuant to this Section 6.5, when so delivered or filed, will be correct, current and complete in

all material respects. Buyer will cooperate with Seller to obtain all Required Consents, but Buyer will not be required to accept or agree or accede to any modifications or amendments to, or changes in, or the imposition of any condition to the transfer to Company (and the subsequent sale of the Company Interests to Buyer) of any Contract, Franchise or written instrument evidencing Real Property that are not reasonably acceptable to Buyer. Prior to the Closing, Seller will (i) use commercially reasonable efforts to give any notices required by the terms of the Contracts, Franchises, Real Property agreements and Licenses to be given prior to Closing and (ii) cooperate in good faith with Buyer in connection with requests for consents (other than Required Consents) required by the terms of the Contracts, Franchises, Real Property agreements and Licenses to be obtained. Notwithstanding the foregoing, Buyer will comply with the reasonable requests of Seller and, to the extent required, negotiate in good faith with any Third Party, as commercially reasonable for Seller to assign to Company in part the rights and obligations under any master Contract disclosed on SCHEDULE 4.6.

6.5.2. Notwithstanding the provisions of Section 6.5.1, Seller will not have any further obligation to obtain Required Consents: (a) with respect to Contracts relating to pole attachments where the licensing party will not, after Seller's exercise of commercially reasonable efforts, consent to an assignment of such Contract but requires that Buyer or Company enter into a new agreement with such licensing authority, in which case Buyer will use its commercially reasonable efforts to negotiate such an agreement for Company to enter into prior to (but contingent on) the Closing or as soon as practicable thereafter and Seller will cooperate with and assist Buyer in obtaining such agreements; (b) for any business radio license which Seller reasonably expects can be obtained within 120 days after the Closing and so long as such business radio license is eligible for automatic special temporary authorization under FCC rules with respect thereto; and (c) with respect to leased Real Property, if Seller obtains and makes operational prior to Closing substitute leased Real Property that is reasonably satisfactory to Buyer and on terms reasonably satisfactory to Buyer.

6.5.3. If and to the extent that Seller fails to obtain all Required Consents identified with an asterisk (*) on SCHEDULE 4.3 on or prior to the Closing (whether or not Buyer will have waived satisfaction of the condition to Closing set forth in Section 7.2.4), then, for a period of 15 months following the Closing, Seller with respect to such Systems and Assets will continue to use commercially reasonable efforts to obtain in writing as promptly as possible such Required Consents and will deliver copies of the same, reasonably satisfactory in form and substance, to Buyer.

6.5.4. Buyer will prepare and deliver to Seller no later than the date of this Agreement, Buyer's portion of FCC Forms 394 with respect to each Franchise for which a Required Consent must be obtained as set forth on SCHEDULE 4.3. Seller will prepare Seller's portion of such Forms for each such Franchise on or before the date of this Agreement. Seller and Buyer will

cooperate in the preparation of such Forms and will execute such Forms and Seller will deliver them to the appropriate Governmental Authority on or before February 28, 2001. In connection with such delivery, Seller will request and retain proofs of delivery and will promptly deliver copies of such proofs to Buyer. Without the prior consent of Buyer, Seller will not agree with any Governmental Authority to extend or to toll the time limits applicable to such Governmental Authority's consideration of any FCC Form 394 filed with such Governmental Authority. Seller will use commercially reasonable efforts to (i) provide advance notice to Buyer of any meetings or conferences (whether in person or by conference call) with Governmental Agencies concerning such Forms, and (ii) to permit Buyer to participate in such meetings or conferences on its own behalf.

6.5.5. Prior to the Closing and subject to Section 6.2, Seller will use commercially reasonable efforts to obtain a renewal or extension of any Franchise (for a period expiring no earlier than three years after the Closing Date) for which a valid notice of renewal pursuant to the formal renewal procedures established by Section 626 of the Communications Act has not been timely delivered to the appropriate Governmental Authority (as identified in SCHEDULE 4.9) and no written confirmation has been received from such Governmental Authority that the procedures established by Section 626 of the Communications Act nonetheless will be applicable with respect to the renewal or extension of such Franchise.

6.6. Title Commitments and Surveys. After the execution of this Agreement, Buyer may obtain, at its sole expense, (a) commitments for owner's title insurance policies on all Real Property owned by Seller and on easements which provide access to each such parcel of Real Property, and (b) an ALTA survey on each parcel of Real Property for which a title insurance policy is to be obtained. Seller will provide reasonable assistance in connection with Buyer obtaining such commitments and surveys, as Buyer may request from time to time. All such commitments and surveys will be obtained within 60 days of the date of this Agreement. If Buyer notifies Seller in writing within 15 days after the date Buyer receives the commitment or survey with respect to a parcel of owned or leased Real Property that the commitment or survey discloses a condition that constitutes a breach, or any facts which could be reasonably expected to result in a breach, of the representations of Seller contained in Section 4.7 or any condition that would prohibit Seller from transferring title to such Real Property free and clear of Encumbrances (other than Permitted Encumbrances), then Seller will promptly commence further investigation and use commercially reasonable efforts to at its expense to cure the condition prior to Closing. If Seller, having used such commercially reasonable efforts, is unable to cure the condition prior to Closing and Closing will occur, then any claim for indemnification that Buyer may have with respect to the condition may be brought without the requirement that such claims meet or exceed the Threshold Amount. Seller agrees to provide Buyer's title company with a

standard form of indemnification for any mechanic's or materialmen's lien affecting such Real Property which is not an Assumed Obligation and Liability.

6.7. HSR Notification. As soon as practicable after the execution of this Agreement, but in any event no later than 30 days after such execution, Seller and Buyer will each complete and file, or cause to be completed and filed, any notification and report required to be filed under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended (the "HSR Act"), with respect to the transactions contemplated by this Agreement; and each such filing will request early termination of the waiting period imposed by the HSR Act. The parties will use their commercially reasonable efforts to respond as promptly as reasonably practicable to any inquiries received from the Federal Trade Commission (the "FTC") and the Antitrust Division of the Department of Justice (the "Antitrust Division") for additional information or documentation and to respond as promptly as reasonably practicable to all inquiries and requests received from any other Governmental Authority in connection with antitrust matters. Each party will cooperate to prevent inconsistencies between their respective filings and between their respective responses to all such inquiries and requests, and will furnish to each other such necessary information and reasonable assistance as the other may reasonably request in connection with its preparation of necessary filings or submissions under the HSR Act. The parties will use their respective commercially reasonable efforts to overcome any objections which may be raised by the FTC, the Antitrust Division or any other Governmental Authority having jurisdiction over antitrust matters. Notwithstanding the foregoing, neither Buyer nor Seller will be required to make any significant change in the operations or activities of their respective business (or any material assets employed therein) or that of any of their respective Affiliates, if such party determines in good faith that such change would be materially adverse to the operations or activities of such business (or any material assets employed therein), provided such business has significant assets, net worth, or revenue. Each party will pay its own filing fees under the HSR Act in connection with the transactions contemplated by this Agreement.

6.8. Notification of Certain Matters. Seller will promptly notify Buyer of any fact, event, circumstance or action (a) which, if known on the date of this Agreement, would have been required to be disclosed to Buyer pursuant to this Agreement or (b) the existence or occurrence of which would cause any of Seller's representations or warranties under this Agreement not to be correct and complete as of the Closing Date.

6.9. Risk of Loss; Condemnation.

6.9.1. Seller will bear the risk of any loss or damage to the Assets resulting from fire, theft or other casualty (except reasonable wear and tear) at all times prior to the Closing. If any such loss or damage is so substantial as to prevent normal operation of any material portion of the Systems or the replacement or restoration of the lost or damaged property within 45 days after

the occurrence of the event resulting in such loss or damage, Seller will immediately notify Buyer of that fact and Buyer, at any time within 10 days after receipt of such notice, may elect by written notice to Seller either (a) to waive such defect and proceed toward consummation of the transactions contemplated by this Agreement in accordance with terms of this Agreement or (b) terminate this Agreement. If Buyer elects so to terminate this Agreement, Buyer and Seller will be discharged of any and all obligations hereunder. If Buyer elects to consummate the transactions contemplated by this Agreement notwithstanding such loss or damage and does so, there will be no adjustment in the consideration payable to Seller on account of such loss or damage, but all insurance proceeds payable as a result of the occurrence of the event resulting in such loss or damage will be delivered by Seller to Company, or the rights to such proceeds will be assigned by Seller to Company if not yet paid over to Seller.

6.9.2. If, prior to the Closing, all or any part of or interest in the Assets is taken or condemned as a result of the exercise of the power of eminent domain, or if a Governmental Authority having such power informs Seller or Buyer that it intends to condemn all or any part of the Assets (such event being called, in either case, a "Taking"), then (a) Buyer will have the sole right, in the name of Seller, if Buyer so elects, to negotiate for, claim, contest and receive all damages with respect to the Taking, (b) Seller will be relieved of its obligation to convey to Company the Assets or interests that are the subject of the Taking, (c) at the Closing, Seller will assign to Company all of Seller's rights to all damages payable with respect to such Taking and will pay to Buyer all damages previously paid to Seller with respect to the Taking, and (d) following the Closing, Seller will give Company such further assurances of such rights and assignment with respect to the Taking as Company may from time to time reasonably request. The foregoing will not affect or limit the scope of any representation or warranty of Seller in this Agreement or limit Buyer's right to rely on such representation or warranty as a condition of Closing to the extent set forth in this Agreement.

6.10. Transfer Taxes; Ad Valorem Obligations.

6.10.1. Any state or local sales, use, transfer, or documentary transfer Taxes or fees or any other charge imposed by any Governmental Authority (other than any of Seller's income, franchise, gross receipts, corporation, excess profits, rental, devolution, or payroll tax by whatsoever authority imposed or howsoever designated) arising from or payable by reason of the transfer of the Assets contemplated by this Agreement will be borne equally by Buyer and Seller. Tax returns required to be filed in respect of Transfer Taxes ("Transfer Tax Returns") will be prepared and filed by the party that has the primary responsibility under applicable law for filing such Transfer Tax Returns. If neither party has primary responsibility for filing a Transfer Tax Return, then Seller will be responsible for preparing and filing any such Transfer Tax Return.

6.10.2. Each party hereto will cooperate in assuring that all real property taxes, personal property taxes and similar ad valorem obligations that are levied with respect to the Assets or the Business for assessment periods in which the Closing Date occurs and are otherwise not accounted for in the adjustment to Purchase Price set forth in Section 3.3 of the Agreement or excluded pursuant to Section 2.2(w) (collectively, the "Apportioned Obligations") and any refund or rebate thereof, will be apportioned between Seller and Buyer as of the Closing Date based on the number of days in any such period falling on or before the Closing Date, on one hand, and after the Closing Date, on the other hand (it being understood that Seller is responsible for the portion of each such Apportioned Obligation attributable to the number of days from the most recent lien date to and including the Closing Time and Buyer is responsible for the portion of each such Apportioned Obligation attributable to the period after the Closing Time). An adjustment will be made to the Purchase Price to reflect any payment of Apportioned Obligations that have been made by Seller on or prior to the Closing Date that are apportioned to Buyer hereunder. The parties hereto will cooperate, including during times of audit by taxing Governmental Authorities, to avoid payment of duplicate or inappropriate Taxes or other ad valorem obligations of any kind or description which related to the Assets or the Business, and each party will furnish, at the request of the other, proof of payment of any such Taxes or ad valorem obligations or other documentation that is a prerequisite to avoiding payment of a duplicate or inappropriate Tax or other ad valorem obligations.

6.11. Updated Schedules. Not less than 10 Business Days prior to the Closing, Seller will deliver to Buyer revised copies of the Schedules to this Agreement, which will have been updated and marked to show any changes occurring between the date of this Agreement and the date of delivery. Seller will update all Schedules, regardless of whether the original Schedule is as of a certain date; provided that SCHEDULE 4.16 will be updated to a reasonable date between the date of this Agreement and the Closing Date. Such updates are for informational purposes only, and for purposes of determining whether Seller's representations, warranties and covenants in this Agreement are true and correct at Closing, all references to the Schedules will mean the version of the Schedules attached to this Agreement on the date of signing. Notwithstanding the foregoing, if the effect of any such updates to Schedules is to disclose any one or more additional properties, privileges, rights, interests or claims, in each case acquired after the date of this Agreement ("New Properties") as Assets that would have been (if owned on the date of this Agreement) required by this Agreement to have been disclosed by Seller in its original Schedules and that were acquired by Seller after the date of this Agreement in breach of this Agreement, then Buyer, at or before Closing, will have the right (to be exercised by written notice delivered to Seller at least two days prior to the Closing Date) to cause any one or more of such New Properties to be designated as and deemed to constitute Excluded Assets for all purposes under this Agreement. Notwithstanding anything to the contrary contained in this Agreement, and except as set forth in the preceding sentence with respect to New Properties, the

waiver of any condition to Closing by a party who has knowledge of a breach by the other party will not be deemed a waiver of any rights and remedies with respect to such breach under this Agreement.

6.12. Use of Seller's Name. Seller and its Affiliates will retain all rights with respect to the names "AT&T," "Tele-Communications, Inc." and "TCI" or any and all derivations thereof after the Closing. Buyer will cause Company to remove or delete such names or any and all derivations thereof from the Business and Assets as soon as reasonably practicable, but in any event by the 120th day following the Closing. Seller and its Affiliates will take no action to enforce their intellectual property rights in such names during such 120-day period, provided Buyer complies with the terms of this Section 6.12 Notwithstanding the foregoing, nothing in this Section 6.12 will require Buyer to remove or discontinue using any such name or mark that is affixed to converters or other items in customer homes or properties on the Closing Date, or as are used in a similar fashion which makes such removal or discontinuation impracticable.

6.13. Transitional Billing Services. Seller will provide to Buyer, upon request, access to and the right to use its billing system computers, software and related fixed assets in connection with the Systems for a period of up to six months following the Closing to allow for conversion of existing billing arrangements, including billing and related arrangements regarding internet access services being provided to customers of a System on the Closing Date ("Transitional Billing Services"). Buyer will notify Seller at least 30 days prior to the Closing as to whether it desires Transitional Billing Services from Seller. All Transitional Billing Services, if any, that are requested by Buyer will be provided on terms and conditions reasonably satisfactory to each party; provided, however, that the amount to be paid by Buyer for such Transitional Billing Services will not exceed the out-of-pocket cost to Seller of providing such Transitional Billing Services. Seller will notify Buyer of the cost to Seller of providing such Transitional Billing Services within 10 Business Days after receiving Buyer's notice requesting the provision of such Transitional Billing Services.

6.14. Transition of High Speed Data Services. Seller will provide to Buyer, upon request, transitional services for a period of up to six months following the Closing to allow for conversion of existing high speed data services provided by the Systems, which services may include billing, technical and customer support ("Transitional HSD Services"). Buyer will notify Seller at least 60 days prior to the Closing as to whether it desires Transitional HSD Services from Seller. All Transitional HSD Services, if any, and the scope of such Transitional HSD Services that are requested by Buyer will be provided on terms and conditions reasonably satisfactory to each party; provided, however, that the amount to be paid by Buyer for such Transitional HSD Services will not exceed the out-of-pocket cost to Seller of providing such Transitional HSD Services.

6.15. Certain Notices. Seller will duly and timely file a valid request for renewal under Section 626 of the Communications Act with the proper Governmental Authority with respect to all Franchises of the Business that will expire within 33 months after any date between the date of this Agreement and the Closing Date.

6.16. Satisfaction of Conditions. Each party will use commercially reasonable efforts to satisfy, or to cause to be satisfied, the conditions to the obligations of the other party to consummate the transactions contemplated by this Agreement, as set forth in Section 7, by no later than June 15, 2001.

6.17. Bulk Transfers. Buyer and Seller each waive compliance by the other with Legal Requirements relating to bulk transfers that may be applicable to the transactions contemplated hereby.

6.18. Programming Matters. Buyer will cause Company to execute and deliver to Seller such documents and take such actions as may be reasonably requested by Seller to comply with the requirements of Seller's programming Contracts and channel line-up requirements with respect to divestitures of cable television systems. Seller will execute and deliver such documents as may be reasonably requested by Buyer to comply with the requirements of Buyer's programming Contracts and channel line-up requirements with respect to acquisitions of cable television systems. Neither party will be required to make any payments to the other's programmers in the fulfillment of its obligations under this Section 6.18; provided, however, that neither Buyer nor Company will be required to provide specific programming or channels or to assume any liability with respect to or in connection with the programming agreements of Seller or any of its Affiliates.

6.19. Cooperation as to Rates and Fees.

6.19.1. After the Closing, notwithstanding the terms of Section 10.4, Buyer will have the right at its own expense to assume control of the defense of any rate proceeding with respect to the Systems that remains pending as of the Closing or that arises after the Closing but relates to the pre-Closing operation of the Systems. Buyer will promptly notify Seller regarding the commencement of any such rate proceeding relating to the pre-Closing operation of the Systems. In any such rate proceeding involving the Systems, Seller will cooperate in such proceeding and promptly deliver to Buyer all information reasonably requested by Buyer as necessary or helpful in such proceeding.

(a) If Buyer elects to assume control of the defense of any such rate proceeding, then (i) Seller will have the right to participate, at its expense, in the defense in such rate proceeding, and (ii) Buyer will have the right to settle any rate proceeding relating to the pre-Closing operation of the Systems unless under such settlement Seller would be required to bear liability with

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respect to the pre-Closing time period, in which event such settlement will require Seller's prior written consent, which consent will not be unreasonably withheld, conditioned or delayed.

(b) If Buyer does not elect to assume control of the defense of any such rate proceeding, then (i) Buyer will have the right to participate, at its expense, in the defense in such rate proceeding, and (ii) without the prior consent of Buyer (which will not be unreasonably withheld, conditioned or delayed), Seller will not settle such rate proceeding if such settlement would require Buyer or Company to bear any liability or would adversely affect the rates to be charged by Buyer or Company. In any such rate proceeding involving the Systems, Buyer will cooperate in such proceeding and promptly deliver to Seller all information in its possession that is reasonably requested by Seller as necessary or helpful in such proceeding.

6.19.2. Prior to Closing, Seller will not settle or permit to be settled any rate proceeding with respect to the Systems or Franchises without the consent of Buyer, which consent will not be unreasonably withheld or delayed, unless the proposed settlement includes injunctive or other relief that adversely affects the Assets or its or Company's ability to operate such Systems substantially in the manner in which they are operated on the date of this Agreement (other than changing the rates in question), in which case consent may be withheld or delayed in Buyer's sole discretion.

6.19.3. If Seller is required, following the Closing, pursuant to any Legal Requirement, settlement or otherwise, to reimburse or provide in-kind or another form of consideration to any subscribers of the Systems in respect of any subscriber payments previously made by them, including fees for cable television service, equipment charges, late fees and similar payments, Buyer agrees that it will cause Company to make such reimbursement or provide such in-kind or other form of consideration through Buyer's billing system on terms reasonably specified by Seller, and Seller will reimburse Buyer for all such payments and other consideration made by Buyer following the Closing and for Buyer's reasonable out-of-pocket expenses incurred in connection therewith. Such reimbursement will be reflected in the Final Adjustments Report, to the extent then known. For expenses incurred after completion of the Final Adjustments Report, Seller will reimburse Buyer within 60 days after receipt of a statement therefor. Seller and Buyer will provide each other with all information in its possession that is reasonably required by such other party in connection with such reimbursement.

6.20. Cooperation on Pending Litigation. With respect to any defense or prosecution of any litigation or legal proceeding with respect to the Systems that relates to the period prior to the Closing Time and for which Seller and its Affiliates are responsible pursuant to this Agreement, Buyer will cause Company to cooperate with and assist Seller and its Affiliates, upon reasonable request and at Seller's expense, by undertaking commercially reasonable efforts to make

witnesses available and provide all information in its possession (including access to employees with information regarding such proceedings and access to books and records that may relate to the proceedings) that Seller and its Affiliates may reasonably require in connection with such litigation or legal proceedings or in response to any complaint, claim, inquiry, order or requirements of any Governmental Authority or other Third Party. No action undertaken by Buyer or Company as requested by Seller under this Section 6.20 will be deemed a waiver of any rights and remedies it may have with respect to any breach under this Agreement.

6.21. Confidentiality.

6.21.1. Neither Buyer nor Seller will, nor will it permit any of its Affiliates to, issue any press release or make any other public announcement or any oral or written statements to Seller's employees concerning this Agreement or the transactions contemplated hereby except as required by applicable Legal Requirements, without the prior written consent of the other party. Each party will hold, and will cause its employees, consultants, advisors and agents to hold, the terms of this Agreement in confidence; provided that (a) such party may use and disclose such information once it has become publicly disclosed (other than by such party in breach of its obligations under this Section) or which rightfully has come into the possession of such party (other than from the other party) and (b) to the extent that such party may be compelled by Legal Requirements to disclose any of such information, but the party proposing to disclose such information will first notify and consult with the other party concerning the proposed disclosure, to the extent reasonably feasible. Each party also may disclose such information to employees, consultants, advisors, agents and actual or potential lenders whose knowledge is necessary to facilitate the consummation of the transactions contemplated by this Agreement. The obligation by either party to hold information in confidence pursuant to this Section will be satisfied if such party exercises the same care with respect to such information as it would exercise to preserve the confidentiality of its own similar information.

6.21.2. All information concerning the Business or Assets obtained by Buyer or its Affiliates pursuant to or in connection with negotiation of this Agreement will be used by Buyer and its Affiliates solely for purposes related to this Agreement and, in the case of nonpublic information, will, except as may be required for the performance of this Agreement or by Legal Requirement, be kept in strict confidence by Buyer and its Affiliates in accordance with the terms of the letter agreement dated October 24, 2000, as amended effective on the date of this Agreement, which letter agreement, as amended, is hereby incorporated in this Agreement by reference. Any breach of such letter agreement, as amended, will be deemed a material breach of this Agreement.

6.22. Lien Searches. Seller will obtain, at its expense, and deliver to Buyer at least 45 Business Days prior to the Closing Date, the results of a lien search conducted by a professional search company of records in the offices of the secretaries of state in each state and county clerks in each county where there exist any Real Property or Equipment, and in the state and county where Seller's principal offices are located, including copies of all financing statements or similar notices or filings (and any continuation statements) discovered by such search company.

6.23. Further Assurances. At or after the Closing, each party at the request of the other party, will promptly execute and deliver, or cause to be executed and delivered, to the other party all such documents and instruments, in addition to those otherwise required by this Agreement, in form and substance reasonably satisfactory to the other party as the other party may reasonably request in order to carry out or evidence the terms of this Agreement or to collect any accounts receivable or other claims included in the Assets.

6.24. Expired Leases. Seller will exercise commercially reasonable efforts prior to Closing to obtain written renewals or extensions, on terms reasonably acceptable to Buyer, for at least one year following the Closing of all leases of Real Property that will have expired prior to the Closing.

6.25. Environmental Assessment.

6.25.1. Seller acknowledges and agrees that Buyer may commission, at Buyer's cost and expense, a "Phase I" environmental site assessment of the Real Property owned by Seller (a "Phase I Assessment") or "Phase II" assessment, or other testing or analysis of the Real Property owned by Seller as Buyer may deem appropriate (a "Phase II Assessment"). Seller will use its commercially reasonable efforts to comply with any reasonable request for information made by Buyer or its agents in connection with any such investigation, but in no event will Seller be required under this Section 6.25.1 to disclose any materials constituting attorney-client privileged communications. Seller covenants that any response to any such request for information will be complete and correct in all material respects. Seller will afford Buyer and its agents or representatives access to all operations of Seller at all reasonable times and in a reasonable manner in connection with any such investigation. Any such assessment will be completed within 60 days of the date of this Agreement. If Buyer notifies Seller in writing within 15 days after the date Buyer receives the assessment with respect to a parcel of owned Real Property that the assessment discloses an environmental condition that (a) constitutes a breach, or any facts which could be reasonably expected to result in a breach, of the representations of Seller contained in Section 4.8 or (b) could reasonably be expected to impair the use or value of such Real Property for the continued operations of the Business or subject Buyer to any Losses if Buyer consummates this Agreement, then Seller will promptly commence further investigation and use commercially reasonable efforts to at its expense to cure the condition prior to Closing. If

Seller, having used such commercially reasonable efforts, is unable to cure the condition prior to Closing and Closing will occur, then any claim for indemnification that Buyer may have with respect to the condition may be brought without the requirement that such claims meet or exceed the Threshold Amount.

6.25.2. In the event this Agreement is terminated or fails to close in accordance with its terms, Buyer agrees to repair any damage or disturbance it causes to the Real Property in the course of such investigative activities by returning such Real Property to approximately the same condition as existed prior to such investigative activities. Buyer will indemnify, defend and hold Seller free and harmless from and against any and all claims, actions, causes of action, suits, proceedings, costs, expenses (including reasonable attorneys' and consultants' fees and costs), liabilities, damages, and liens of any type arising directly out of any act or omission of Buyer or any of Buyer's representatives on or about the Real Property in the course of such investigative activities. However, neither of the two preceding sentences will be interpreted to impose any obligation upon Buyer with respect to Hazardous Substances present at, on, in, under or about, or any conditions existing on, the Real Property at the time of such investigative activities, except to the extent Buyer's negligence or willful misconduct causes a release of such Hazardous Substances or otherwise exacerbates any such condition in a manner that leads to liability under any Environmental Law.

6.25.3. All information collected and generated as a result of the environmental due diligence authorized by Section 6.25.1 will be subject to the terms and conditions of Section 6.21 of this Agreement. Buyer will provide to Seller copies of all reports, assessments and other information composed or compiled by Buyer's environmental consultants within five (5) Business Days after Buyer's receipt of copies thereof.

6.26. No Offers. Seller (and its directors, officers, employees, representatives and agents) will not directly or indirectly, (i) offer the Assets, the Systems or the Business for sale, (ii) solicit, encourage or entertain offers for such Assets, Systems or Business, (iii) initiate negotiations or discussions for the sale of such Assets, Systems or Business or (iv) make information about such Assets, Systems or Business available to any Third Party in connection with the possible sale of such Assets, Systems or Business prior to the Closing Date or the date this Agreement is terminated in accordance with its terms.

6.27. Taxes. Seller and Buyer will reasonably cooperate in connection with the preparation and filing of any Tax return or any similar information statement, including any Transfer Tax Returns, for which the other is responsible for preparing and filing with respect to the Assets.

6.28. Distant Broadcast Signals. Unless otherwise restricted or prohibited by any Governmental Authority, applicable Legal Requirements or

Contract, Seller will, if requested by Buyer, delete prior to the Closing any distant broadcast signals which Buyer determines will result in unacceptable liability on the part of Buyer or Company for copyright payments with respect to continued carriage of such signals after the Closing; provided, however, that Seller may refuse to honor such a request if such deletion could reasonably be expected to delay or otherwise jeopardize Seller's ability to complete the transactions contemplated herein.

6.29. System Telephone Services. Prior to Closing, Buyer will select a vendor for the provision, and arrange for the transition, of all telephony services (e.g., long distance, data circuits, and 800 number) used in connection with the operation of the Systems. If Buyer fails to effect the transition of telephony services to its selected vendor as of the Closing Date, then Buyer will reimburse Seller for all charges incurred by Seller after Closing with respect to telephony services used in connection with the operation of the Systems or in the conduct of the Business.

6.30. Implementation of Voting Trust or other Restructuring. In the event that the ownership by Seller or its Affiliates of the Share Consideration is reasonably determined by Buyer or Seller to be attributable and such attribution, at or following the Closing, (a) would result in a violation of any cross or multiple-ownership rule or regulation promulgated by the FCC (the "Ownership Rules"), including the Cable/Broadcast Television Ownership Rules (47 C.F.R. Section 76.501(a)), the Cable Television Horizontal Ownership Rules, if applicable (47 C.F.R. Section 76.503), or the Cable/MMDS Cross Ownership Rules (47 C.F.R. Section 21.912) or (b) would prevent Seller or Buyer or any of their respective Affiliates from engaging in the transmission of video, audio (including telephony) and data over cable television systems owned, operated or managed by it in any area within the United States as a result of a potential violation of the Ownership Rules, whether by acquisition of an existing system or original construction, the Parties will cooperate in good faith to remedy or avoid any violation of the Ownership Rules by (a) modifying this Agreement and taking such other actions as required for the Share Consideration to be deposited at Closing in an FCC-approved voting trust for the benefit of Seller and pursuant to which neither Seller, Buyer nor any of their Affiliates will have a right to vote the Share Consideration, (b) by seeking appropriate relief from the FCC with respect to Seller's and its Affiliates' ownership of the Share Consideration, or (c) such other restructuring of the transactions contemplated by this Agreement or, following the Closing, Seller's ownership of the Share Consideration, as is mutually reasonably acceptable to the Parties. If such determination is made prior to the Closing, neither Party will be required to consummate the Closing until such remedial actions are effected. Notwithstanding the foregoing, under no circumstances will Buyer or any of its Affiliates be required pursuant to this Section 6.30 to purchase any of the Share Consideration or any other securities of Buyer or its Affiliates that are owned by Seller or its Affiliates.

6.31. Formation of Company. Seller will form Company as a single member limited liability company solely owned by Seller and pursuant to an operating agreement reasonably acceptable to Buyer. Seller will cause Company not to enter into any transactions or assume any liabilities prior to the Closing except as provided in this Agreement.

6.32. Dissolution of Seller. Promptly following the Closing, Seller will take such action as may be required to dissolve and terminate its corporate existence and to liquidate completely and to distribute directly to the holder of its common stock all of its right, title and interest in and to its assets and liabilities, including the Share Consideration.

6.33. Buyer Tax Covenants.

6.33.1. Buyer will continue at least one significant historic business line of Company, or use at least a significant portion of Company's historic business assets in a business, in each case within the meaning of Treasury Reg. Section 1.368-1(d), except that Buyer may transfer Company's historic business assets (i) to a corporation that is a member of Buyer's "qualified group," within the meaning of Treasury Reg. Section 1.368-1(d)(4)(ii), or (ii) to a partnership if (A) one or more members of Buyer's "qualified group" have active and substantial management functions as a partner with respect to Company's historic business or (B) members of Buyer's "qualified group" in the aggregate own an interest in the partnership representing a significant interest in Company's historic business, in each case within the meaning of Treasury Reg. Section 1.368-1(d)(4)(iii).

6.33.2. Neither Buyer nor a party related to Buyer within the meaning of Treasury Reg.Section 1.368-1(e)(3) will acquire any of the Charter Class A Common Stock issued in the Transaction.

6.33.3. Buyer on behalf of itself and its Affiliates agrees that it will take no action which would cause the Transaction to fail to qualify as a "reorganization" within the meaning of Section 368(a)(1)(C) of the Code and that it will cause its respective Affiliates to file all Tax returns in a manner consistent with the qualification of the Transaction as a "reorganization" within the meaning of Section 368(a) of the Code.

6.34. Sale of Charter Class A Common Stock. Seller will not sell or otherwise dispose of the Charter Class A Common Stock comprising the Share Consideration except in compliance with applicable state and federal securities laws.

7. CONDITIONS TO CLOSING.

7.1. Conditions to the Obligations of Buyer and Seller. The obligations of each party to consummate the transactions contemplated by this Agreement

are subject to the satisfaction, at or before the Closing, of the following, which may be waived by the parties to the extent not prohibited by applicable Legal Requirements:

7.1.1. HSR Act Filings. All filings required under the HSR Act have been made and the applicable waiting period has expired or been terminated.

7.1.2. Absence of Legal Proceedings; Judgment. No judgment has been entered and not vacated by any Governmental Authority and no Legal Requirement has been enacted, promulgated or issued or become or deemed applicable to any of the transactions contemplated by this Agreement by any Governmental Authority, which prevents or makes illegal the transactions contemplated by this Agreement. No action, suit or proceeding is pending or threatened by any federal Governmental Authority which would prevent or make illegal the transactions contemplated by this Agreement.

7.2. Conditions to the Obligations of Buyer. The obligations of Buyer to consummate the transactions contemplated by this Agreement are subject to the satisfaction, at or before the Closing, of the following conditions, which may be waived by Buyer (subject to Section 10.3(d)) to the extent not prohibited by applicable Legal Requirements:

7.2.1. Accuracy of Representations and Warranties. The representations and warranties of Seller in this Agreement are true, complete and correct (without regard to any materiality or similar qualifications contained therein), at and as of the Closing with the same effect as if made at and as of the Closing, except (i) for changes, if any, permitted or contemplated by this Agreement, (ii) to the extent a different date is specified therein, in which case such representation and warranty is true and correct as of such date and (iii) to the extent that all misstatements, omissions and inaccuracies in the representations and warranties of Seller, in the aggregate, do not have and could not reasonably be expected to have a Material Adverse Effect.

7.2.2. Performance of Agreements. Seller in all material respects has performed and complied with each obligation, agreement, covenant and condition required by this Agreement to be performed or complied with by Seller at or prior to the Closing.

7.2.3. Deliveries. Seller has delivered the items and documents required to be delivered by it pursuant to this Agreement, including those required under Section 8.2.

7.2.4. Required Consents. Except as otherwise provided in Section 6.5.2, Seller will have received and delivered to Buyer in form and substance reasonably satisfactory to Buyer, all of the Required Consents marked with an asterisk on SCHEDULE 4.3 (including those incorporated by reference), all

Required Consents for other CARS Licenses and Business Radio Licenses over 470 MHz and all Required Consents for other tower and headend leases; provided, however, that this condition, to the extent it relates to Required Consents of Governmental Authorities for Franchises, will be deemed to be satisfied when, the aggregate number of Equivalent Basic Subscribers (i) located in areas where it is legally permissible to operate without a franchise or that are served pursuant to Franchises that do not require consent, or (ii) that are located in franchise areas where the Franchise is not expired as to which Required Consents have been obtained in form and substance reasonably satisfactory to Buyer (or the consent of the appropriate Governmental Authority will be deemed to have been received in accordance with Section 617 of the Communications Act (47 U.S.C. 537)), divided by of the total number of Equivalent Basic Subscribers for all of the Systems (the "Franchise Consent Ratio") is equal to or greater than 90%. For purposes of calculating the Franchise Consent Ratio, the number of Equivalent Basic Subscribers related to each franchise and for all of the Systems as a whole will be calculated as of April 30, 2001, or otherwise agreed upon by the parties.

7.2.5. Subscribers. The aggregate of the Equivalent Basic Subscribers and the "Equivalent Basic Subscribers" under the Related Agreement as of the last day of the calendar month immediately preceding the Closing Date is not less than 125,460.

7.2.6. No Material Adverse Changes. During the period from December 31, 2000, through and including the Closing Date, there will not have occurred and be continuing any event or events having, individually or in the aggregate, a Material Adverse Effect.

7.2.7. Franchise Renewals. Each Franchise for which (a) a valid notice of renewal pursuant to the formal renewal procedures established by Section 626 of the Communications Act has not been timely delivered to the appropriate Governmental Authority and (b) with respect to which the appropriate Governmental Authority has not confirmed in writing that the procedure established by Section 626 nonetheless will apply to the renewal or extension of such Franchise, will have been renewed or extended for a period expiring no earlier than three years after the Closing Date.

7.2.8. At Home Agreement. Seller will have caused At Home Corporation to execute and deliver to Buyer an Affiliation Agreement, which Affiliation Agreement, in combination with the Transitional HSD Services, will permit Buyer to provide high speed data services to subscribers for six months following Closing and will be on terms consistent with At Home Corporation's then-standard terms and conditions offered to Third Party MSOs, which terms will be no less favorable than either (at At Home Corporation's election), Buyer's or Buyer's Affiliate's then-current At Home Affiliation Agreement for its Fort Worth, Texas, cable system or Buyer's or Buyer's Affiliate's then-

current At Home Affiliation Agreement for its Greenville/Spartanburg, South Carolina, cable system.

7.3. Conditions to Obligations of Seller. The obligations of Seller to consummate the transactions contemplated by this Agreement are subject to the satisfaction at or before the Closing, of the following, which may be waived by Seller, to the extent not prohibited by applicable Legal Requirements:

7.3.1. Accuracy of Representations and Warranties. The representations and warranties of Buyer in this Agreement, if qualified by a reference to materiality, are true, complete and correct and, if not so qualified, are true, complete and correct in all material respects, at and as of the Closing with the same effect as if made at and as of the Closing, except for changes, if any, permitted or contemplated by this Agreement and except to the extent a different date is specified therein, in which case such representation and warranty is true and correct as of such date.

7.3.2. Performance of Agreements. Buyer in all material respects has performed and complied with each obligation, agreement, covenant and condition required by this Agreement to be performed or complied with by Buyer at or prior to the Closing.

7.3.3. Deliveries. Buyer has delivered the payment, items and documents required to be delivered by it pursuant to this Agreement, including those required under Section 8.3.

8. CLOSING.

8.1. Time and Place of the Closing. The Closing will be held on a date specified by Seller which is no less than five nor more than 10 Business Days following the date all conditions to the Closing contained in this Agreement (other than those based on acts to be performed at the Closing) have been satisfied or waived; provided, however, either party may postpone the Closing Date until the last day of the month in which all such conditions are satisfied or waived. The Closing will be held at 9:00 a.m., local time, at Seller's counsel's office located at 633 Seventeenth Street, Suite 3000, Denver, Colorado 80202, or at such other place and time as Buyer and Seller may agree.

8.2. Seller's Delivery Obligations. At the Closing, Seller will deliver (or cause to be delivered) to Buyer the following:

(a) A Bill of Sale and Assignment and Assumption Agreement in substantially the form of EXHIBIT A to this Agreement with respect to the transfer of the Assets to, and assumption of the Assumed Obligations and Liabilities by, Company and a Bill of Sale in substantially the form of EXHIBIT C to this Agreement with respect to the transfer of the Company Interests to Buyer;

(b) A special or limited warranty deed conveying title to Company in a form reasonably acceptable to Buyer (and complying with applicable state laws) with respect to each parcel of Real Property which is owned by Seller, and the improvements thereon, duly executed and acknowledged and in recordable form, warranting only to defend title to such owned Real Property against all persons claiming by, through or under Seller, subject, however, to any Permitted Encumbrances;

(c) Title certificates to all vehicles included among the Assets (including those subject to leases), endorsed for transfer of valid and good title to Company, free and clear of all Encumbrances and leases (other than Permitted Encumbrances), and separate bills of sale or other transfer documentation for such vehicles, if required by the laws of the states in which such vehicles are titled;

(d) A certificate, dated the Closing Date, signed by an officer of Seller, stating, solely in his or her capacity as such officer, that the conditions set forth in Sections 7.2.1 and 7.2.2 are satisfied;

(e) A FIRPTA Non-Foreign Seller Certificate from Seller certifying that it is not a foreign person within the meaning of Section 1445 of the Internal Revenue Code of 1986, as amended (the "Code") reasonably satisfactory in form and substance to Buyer;

(f) Evidence reasonably satisfactory to Buyer that all Encumbrances (other than Permitted Encumbrances) affecting or encumbering the Assets have been terminated, released or waived, as appropriate, or original, executed instruments in form reasonably satisfactory to Buyer effecting such terminations, releases or waivers;

(g) Copies of all Required Consents which have been obtained by the Seller prior to Closing;

(h) All Books and Records, delivery of which will be deemed made to the extent such Books and Records are then located at any of the offices of the Systems included in the Real Property;

(i) An opinion of Sherman & Howard L.L.C., counsel for Seller, in substantially the form of EXHIBIT D; and

(j) Such other documents as Buyer may reasonably request in connection with the transactions contemplated by this Agreement.

8.3. Buyer's Delivery Obligations. At the Closing, Buyer will deliver (or cause to be delivered) to Seller the following:

(a) A certificate representing the Share Consideration;

(b) A Registration Rights Agreement in substantially the form of EXHIBIT F (the "Registration Rights Agreement"), executed by Buyer;

(c) A certificate, dated the Closing Date, signed by an officer of Buyer, stating, solely in his or her capacity as such officer, that the conditions set forth in Sections 7.3.1 and 7.3.2 are satisfied;

(d) An opinion of Irell & Manella LLP, counsel for Buyer, in substantially the form of EXHIBIT E; and

(e) Such other documents as Seller may reasonably request in connection with the transactions contemplated by this Agreement.

9. TERMINATION.

9.1. Events of Termination. This Agreement may be terminated and the transactions contemplated by this Agreement may be abandoned at any time prior to the Closing:

9.1.1. By the mutual written consent of Buyer and Seller;

9.1.2. By either party, upon written notice to the other party, if the transactions contemplated by this Agreement to take place at the Closing have not been consummated by the date which is 12 months after the date of this Agreement, for any reason other than (i) a breach or default by such party in the performance of any of its obligations under this Agreement or (ii) the failure of any representation or warranty of such party to be accurate; or

9.1.3. By either party at any time upon written notice to the other, if the other is in material breach or default of any of its covenants, agreements or other obligations in this Agreement or in any Transaction Document and fails to cure such breach or default (a) within the 30-day period following such written notice or, (b) if such breach or default is incapable of being cured within such 30-day period and the defaulting party promptly initiates and diligently pursues such cure to completion upon receipt of such notice, within a reasonable period of time.

9.2. Liabilities in Event of Termination. If this Agreement is terminated pursuant to Section 9.1, all obligations of the parties under this Agreement will terminate except for the parties respective obligations under Section 6.21 and 11.18. Notwithstanding a party's right to pursue remedies for breach of contract upon termination of this Agreement in accordance with Section 9.1, no remedies for breaches of representations and warranties will be available if this Agreement is terminated pursuant to Section 9.1. Furthermore, if the Closing does not occur, no party will be liable for any incidental, consequential, exemplary, special, or punitive damages in connection with any claim for breach of this Agreement.

10. SURVIVAL OF REPRESENTATIONS AND WARRANTIES; INDEMNIFICATION.

10.1. Survival of Representations and Warranties. The representations and warranties of the parties in this Agreement and the Transaction Documents will survive the Closing until 15 months after the Closing Date, except that (a) the representations and warranties relating to Taxes, ERISA and environmental matters will survive until 90 days after the expiration of the applicable statute of limitations and (b) the representations and warranties relating to Seller's title to, and the absence of Encumbrances (other than Permitted Encumbrances) on, the Assets and the representations and warranties contained in Section 5.9 will survive indefinitely and will not be merged into or otherwise limited by any deed or other conveyance document. The applicable periods of survival of the representations and warranties prescribed by this Section 10.1 are referred to as the "Survival Period." The liabilities of the parties under their respective representations and warranties will expire as of the expiration of the applicable Survival Period; provided, however, that such expiration will not include, extend or apply to any representation or warranty, the breach of which has been asserted by a party in a written notice to the breaching party before such expiration. The covenants and agreements of the parties in this Agreement and the Transaction Documents will survive the Closing and will continue in full force and effect without limitation.

10.2. Indemnification by Seller. Following the Closing, Seller and AT&T Parent, jointly and severally, will indemnify, defend and hold harmless Buyer and its shareholders and its and their respective Affiliates, and the shareholders, directors, officers, partners, members, employees, agents, successors and assigns of any of such Persons and any Person claiming by or through any of them, from and against all Losses of or to Buyer or any such other indemnified Person resulting from or arising out of (a) any breach of any representation or warranty made by Seller in this Agreement (without regard to any materiality or similar qualifications contained therein), (b) any breach of any covenant, agreement or obligation of Seller contained in this Agreement, and (c) any liability or obligation of Seller or relating to the Business not included in the Assumed Obligations and Liabilities.

10.3. Indemnification by Buyer. Following the Closing, Buyer will indemnify, defend and hold harmless Seller and Seller's shareholders, directors, officers, partners, members, employees, agents, successors and assigns, and any Person claiming by or through any of them, from and against all Losses of or to Seller or any such other indemnified Person resulting from or arising out of (a) any breach of any representation or warranty made by Buyer in this Agreement (without regard to any materiality or similar qualifications contained therein), (b) any breach of any covenant, agreement or obligation of Buyer contained in this Agreement, (c) the failure by Buyer to assume and perform the Assumed Obligations and Liabilities, and (d) if Buyer waives the condition to Closing contained in Section 7.2.4 that the Franchise Consent Ratio equal or exceed 90%, the transfer of Assets to Company or the transfer of the Company

Interests to Buyer without having obtained the scheduled Required Consents (or deemed consents) with respect to any Franchise; provided, however, in no event shall clause (d) hereof be interpreted to reduce Buyer's rights to recover with respect to any breaches by Seller of its representations, warranties or covenants. All indemnification made by Buyer under this Agreement will be paid in Charter Class A Common Stock valued at the average for the 30 consecutive Trading Days ending the day before such payment of (i) the last reported sales prices, regular way, as reported on the principal national securities exchange on which such securities are listed or admitted for trading on each such Trading Day or (ii) if such securities are not listed or admitted for trading on any national securities exchange, the last reported sales prices, regular way, as reported on the Nasdaq National Market or, if such securities are not listed on the Nasdaq National Market, the average of the highest bid and lowest asked prices on each such Trading Day as reported on the Nasdaq Stock Market, or (iii) if such securities are not listed or admitted to trading on any national securities exchange, the Nasdaq National Market or the Nasdaq Stock Market, the average of the highest bid and lowest asked prices on each such Trading Day in the domestic over-the-counter market as reported by the National Quotation Bureau, Incorporated, or any similar successor organization (subject to adjustments to prevent dilution as provided in Section 3.2).

10.4. Third Party Claims. Promptly after the receipt by any party of notice of any claim, action, suit or proceeding by any Person who is not a party to this Agreement (collectively, an "Action"), which Action is subject to indemnification under this Agreement, such party (the "Indemnified Party") will give reasonable written notice to the party from whom indemnification is claimed (the "Indemnifying Party"). The Indemnified Party will be entitled, at the sole expense and liability of the Indemnifying Party, to exercise full control of the defense, compromise or settlement of any such Action unless the Indemnifying Party, within a reasonable time after the giving of such notice by the Indemnified Party, (a) notifies the Indemnified Party in writing of the Indemnifying Party's intention to assume such defense, (b) agrees in writing to the Indemnified Party to assume and pay the Indemnified Party's losses resulting from such Action, and (c) retains legal counsel reasonably satisfactory to the Indemnified Party to conduct the defense of such Action. The other party will cooperate with the party assuming the defense, compromise or settlement of any such Action in accordance with this Agreement in any manner that such party reasonably may request. If the Indemnifying Party so assumes the defense of any such Action, the Indemnified Party will have the right to employ separate counsel and to participate in (but not control) the defense, compromise or settlement of the Action, but the fees and expenses of such counsel will be at the expense of the Indemnified Party, unless (i) the Indemnifying Party has agreed to pay such fees and expenses, (ii) any relief other than the payment of money damages is sought against the Indemnified Party or (iii) the Indemnified Party has been advised by its counsel that there may be one or more defenses available to it which are different from or additional to those available to the Indemnifying Party, and in any such case that portion of the reasonable out of pocket fees and

expenses of such separate counsel that are reasonably related to matters covered by the indemnity provided in this Section 10 will be paid by the Indemnifying Party, provided that the Indemnifying Party will not be obligated to pay the expenses of more than one separate counsel in each jurisdiction for each Indemnified Party so entitled to separate counsel. Expenses of counsel to the Indemnified Party will be reimbursed on a current basis by the Indemnifying Party if such expenses are a liability of the Indemnifying Party and if there is no dispute as to the applicability of indemnification. No Indemnified Party will settle or compromise any such Action for which it is entitled to indemnification under this Agreement without the prior written consent of the Indemnifying Party (not to be unreasonably withheld), unless the Indemnifying Party has failed, after reasonable notice, to undertake control of such Action in the manner provided in this Section 10.4. No Indemnifying Party will settle or compromise any such Action without the prior written consent of the Indemnified Party (not to be unreasonably withheld); provided, however, in any Action (i) in which any relief other than the payment of money damages is sought against any Indemnified Party or (ii) in the case of any Action relating to the Indemnified Party's liability for any Tax, if the effect of such settlement would be an increase in the liability of the Indemnified Party for the payment of any Tax for any period beginning after the Closing Date, the consent of the Indemnified Party may be withheld by the Indemnified Party in its sole and absolute discretion.

10.5. Limitations on Indemnification - Seller. Seller and AT&T Parent will not be liable, in the aggregate, for indemnification arising under Section 10.2(a) for any Losses of or to Buyer or any other person entitled to indemnification from Seller unless the amount of such Losses for which Seller and AT&T Parent would, but for the provisions of this Section 10.5, be liable plus the amounts for which Seller's Affiliates would be liable under Section 10.2(a) of the Related Agreement (disregarding the provisions of Section 10.5 of the Related Agreement) exceeds, on an aggregate basis, $1,750,000 (the "Threshold Amount,") provided that in determining whether the Threshold Amount has been exceeded, there will not be included any Losses arising from any single claim that is less than $10,000. If the Threshold Amount is exceeded, Seller and AT&T Parent will be liable, jointly and severally, for the full amount of all Losses (including any single claims for Losses of less than $10,000), which amount will be due and payable within 15 days after the later of (a) the date Seller receives a statement therefor and (b) the date an Action with respect to such Losses is settled or decided in accordance with section 10.4. Neither Seller nor AT&T Parent will be liable for punitive damages assessed for Buyer's conduct. The maximum aggregate amount that Seller and its Affiliates (including AT&T Parent) will be required to pay for indemnification arising under Section 10.2(a) of this Agreement and Section 10.2(a) of the Related Agreement in respect of all claims by all indemnified parties is $35,000,000. Notwithstanding the preceding, neither the minimum nor maximum limits specified in this Section 10.5 will apply to: (i) the obligation to pay post-Closing adjustments pursuant to Section 3.4; (ii) Seller's breach of its representations and warranties that it has title to, and the absence of Encumbrances (other than

Permitted Encumbrances) on, the Assets owned by Seller; or (iii) any indemnification claims pursuant to Section 10.2(b) or 10.2(c), irrespective of whether such claims also constitute claims under Section 10.2(a)).

10.6. Limitations on Indemnification - Buyer. Buyer will not be liable for indemnification arising under Section 10.3(a) for any Losses of or to Seller or any other person entitled to indemnification from Buyer unless the amount of such Losses for which Buyer would, but for the provisions of this Section 10.6, be liable plus the amounts for which Buyer's Affiliates would be liable under Section 10.3(a) of the Related Agreement (disregarding the provisions of Section 10.6 of the Related Agreement) exceeds, on an aggregate basis, the Threshold Amount, provided that in determining whether the Threshold Amount has been exceeded, there will not be included any Losses arising from any single claim that is less than $10,000. If the Threshold Amount is exceeded, Seller will be liable for the full amount of all Losses (including any single claims for Losses of less than $10,000), which amount will be due and payable within 15 days after the later of (a) the date Buyer receives a statement therefor and (b) the date an Action with respect to such Losses is settled or decided in accordance with section 10.4. Buyer will not be liable for punitive damages assessed for Seller's conduct. The maximum aggregate amount that Buyer and its Affiliates will be required to pay for indemnification arising under Section 10.3(a) of this Agreement and Section 10.3(a) of the Related Agreement in respect of all claims by all indemnified parties is $35,000,000. Notwithstanding the preceding, neither the minimum nor maximum limits specified in this Section 10.6 will apply to: (i) the obligation to pay the Purchase Price, as adjusted; (ii) the obligation to pay post-Closing adjustments pursuant to Section 3.4; (iii) Company's obligation to assume and perform the Assumed Obligations and Liabilities; (iv) Buyer's breach of its representations and warranties in Section 5.9; or (v) any indemnification claims pursuant to Section 10.3(b), 10.3(c) or 10.3(d), irrespective of whether such claims also constitute claims under Section 10.3(a)).

10.7. Sole Remedy. Each party acknowledges and agrees that, should the Closing occur, its sole and exclusive remedy against the other with respect to any breach of representation, warranty, covenant, agreement or obligation (other than any claim based on fraud or intentional tort and any claim arising under state or federal securities laws) will be pursuant to the indemnification provisions set forth in this Section 10.

10.8. Treatment of Indemnity and Other Payments. All indemnity and other payments made under this Agreement will be treated for all Tax purposes as adjustments to the Purchase Price.

11. MISCELLANEOUS.

11.1. Parties Obligated and Benefited. Subject to the limitations set forth below, this Agreement will be binding upon the parties and their respective

permitted assigns and successors in interest and will inure solely to the benefit of the parties and their respective permitted assigns and successors in interest, and no other Person will be entitled to any of the benefits conferred by this Agreement. Without the prior written consent of the other party, no party will assign any of its rights under this Agreement or delegate any of its duties under this Agreement.

11.2. Notices. Any notice, request, demand, waiver or other communication required or permitted to be given under this Agreement will be in writing and will be deemed to have been duly given only if delivered in person or by first class, prepaid, certified mail, or sent by courier or, if receipt is confirmed, by telecopier:

To Buyer at:
c/o Charter Communications, Inc.
12444 Powerscourt Drive, Suite 100
St. Louis, Missouri 63124
Attention: Curtis S. Shaw, Esq.
Senior Vice President, General Counsel & Secretary
Fax: (314) 965-8793

With a copy (which will not constitute notice) to:
Irell & Manella LLP
1800 Avenue of the Stars, Suite 900
Los Angeles, California 90067
Attention: Alvin G. Segel, Esq.
Fax: (310) 203-7199

To Seller at:
c/o AT&T Broadband, LLC
188 Inverness Drive West
Englewood, Colorado 80112
Attention: Alfredo Di Blasio
Fax: (303) 858-3456

With a copy similarly addressed to the attention of Karla Tartz, Esq., Fax: (303) 858-3487.

With a copy (which will not constitute notice) to:
Sherman & Howard, L.L.C.
633 Seventeenth Street
Suite 3000
Denver, Colorado 80202
Attention: Gregory J. Ramos, Esq.
Fax: (303) 298-0940

Any party may change the address to which notices are required to be sent by giving notice of such change in the manner provided in this Section 11.2. All notices will be deemed to have been received on the date of actual receipt.

11.3. Attorneys' Fees. In the event of any action or suit based upon or arising out of this Agreement, the prevailing party will be entitled to recover reasonable attorneys' fees and other costs of such action or suit from the other party.

11.4. Right to Specific Performance. The parties acknowledge that the unique nature of the transaction contemplated by this Agreement renders money damages an inadequate remedy for the breach by either party of its obligations under this Agreement, and each party agrees that in the event of such breach, the non-breaching party will, upon proper action instituted by it, be entitled to seek a decree of specific performance of this Agreement.

11.5. Disclaimer of Warranty. Buyer and Seller agree that the representations and warranties of Seller contained in this Agreement and the Transaction Documents constitute the sole representations and warranties of Seller to Buyer in connection with the transaction contemplated hereby. BUYER ACKNOWLEDGES THAT EXCEPT AS SET FORTH IN THIS AGREEMENT OR IN THE TRANSACTION DOCUMENTS, SELLER DISCLAIMS ANY REPRESENTATION OR WARRANTY OF MERCHANTABILITY, USAGE, SUITABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE WITH RESPECT TO THE ASSETS OR ANY PART THEREOF.

11.6. Waiver. This Agreement or any of its provisions may not be waived except in writing. The failure of any party to enforce any right arising under this Agreement on one or more occasions will not operate as a waiver of that or any other right on that or any other occasion.

11.7. Captions. The captions of this Agreement are for convenience only and do not constitute a part of this Agreement.

11.8. Choice of Law. THIS AGREEMENT AND THE RIGHTS OF THE PARTIES UNDER IT WILL BE GOVERNED BY AND CONSTRUED IN ALL RESPECTS IN ACCORDANCE WITH THE LAWS OF THE STATE OF DELAWARE, WITHOUT REGARD TO THE CONFLICTS OF LAWS RULES OF DELAWARE.

11.9. Terms. Terms used with initial capital letters will have the meanings specified, applicable to both singular and plural forms, for all purposes of this Agreement. The word "include" and derivatives of that word are used in this Agreement in an illustrative sense rather than limiting sense. Whenever the context may require, any pronoun will include the corresponding masculine, feminine and neuter forms. All references herein to Articles, Sections, Exhibits and Schedules will be deemed to be references to Articles and Sections of, and

Exhibits and Schedules to, this Agreement unless the context will otherwise require. All Exhibits and Schedules attached hereto will be deemed incorporated herein as if set forth in full herein and, unless otherwise defined therein, all terms used in any Exhibit or Schedule will have the meaning ascribed to such term in this Agreement. The words "hereof," "herein" and "hereunder" and words of similar import when used in this Agreement will refer to this Agreement as a whole and not to any particular provision of this Agreement. Unless otherwise expressly provided herein, any agreement, instrument or statute defined or referred to herein or in any agreement or instrument that is referred to herein means such agreement, instrument or statute as from time to time amended, modified or supplemented, including (in the case of agreements or instruments) by waiver or consent and (in the case of statutes) by succession of comparable successor statutes and references to all attachments thereto and instruments incorporated therein. All accounting terms not otherwise defined in this Agreement will have the same meanings ascribed to them under generally acceptable accounting principles as in effect from time to time in the United States, consistently applied.

11.10. Rights Cumulative. Subject to the limitations set forth in Section 10.7, all rights and remedies of each of the parties under this Agreement will be cumulative, and the exercise of one or more rights or remedies will not preclude the exercise of any other right or remedy available under this Agreement or applicable law.

11.11. Further Actions. Seller and Buyer will execute and deliver to the other, from time to time at or after the Closing, for no additional consideration and at no additional cost to the requesting party, such further assignments, certificates, instruments, records, or other documents, assurances or things as may be reasonably necessary to give full effect to this Agreement and to allow each party fully to enjoy and exercise the rights accorded and acquired by it under this Agreement. Seller will, upon Buyer's request given at any time after the Closing through the date that is 15 months following the Closing, provide Buyer with a duly executed assignment in recordable form for each Real Property lease assigned to Company at Closing pursuant to the Bill of Sale, which lease is, or as to which a memorandum of lease is, recorded in the applicable public real property records.

11.12. Time. Time is of the essence under this Agreement. If the last day permitted for giving of any notice or the performance of any act required or permitted under this Agreement falls on a day which is not a Business Day, the time for the giving of such notice or the performance of such act will be extended to the next succeeding Business Day.

11.13. Late Payments. If either party fails to pay the other any amounts when due under this Agreement, the amounts due will bear interest from the due date to the date of payment at the annual rate publicly announced from time to

time by The Bank of New York as its prime rate (the "Prime Rate") plus 3%, adjusted as and when changes in the Prime Rate are made.

11.14. Counterparts. This Agreement may be executed in counterparts, each of which will be deemed an original. This Agreement will become binding when one or more counterparts, individually or taken together, bear the signatures of all parties to this Agreement. Delivery of an executed signature page of this Agreement by facsimile transmission will constitute effective and binding execution and delivery of this Agreement.

11.15. Entire Agreement. This Agreement (including the Schedules and Exhibits referred to in this Agreement, which are incorporated in and constitute a part of this Agreement), other Agreements entered into by Buyer, Seller and their respective Affiliates as of the date of this Agreement, and the Transaction Documents contain the entire agreement of the parties with respect to the subject matter hereof and supersede all prior oral or written agreements and understandings with respect to the subject matter. This Agreement may not be amended or modified except by a writing signed by the parties.

11.16. Severability. Any term or provision of this Agreement which is invalid or unenforceable will be ineffective to the extent of such invalidity or unenforceability without rendering invalid or unenforceable the remaining rights of the Person intended to be benefited by such provision or any other provisions of this Agreement.

11.17. Construction. This Agreement has been negotiated by Buyer and Seller 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 will not apply in any construction or interpretation of this Agreement.

11.18. Expenses. Except as otherwise expressly provided in this Agreement, each party will pay all of its expenses, including attorneys' and accountants' fees, in connection with the negotiation of this Agreement, the performance of its obligations and the consummation of the transactions contemplated by this Agreement.

11.19. Commercially Reasonable Efforts. For purposes of this Agreement, unless a different standard is expressly provided with respect to any particular matter, any requirement herein that a party use "commercially reasonable efforts" will not be deemed to require that party to undertake extraordinary measures, including the initiation or prosecution of legal proceedings or the payment of amounts in excess of normal and usual filing fees and processing fees, if any.

11.20. Guaranty and Suretyship Matters. AT&T Parent acknowledges that, notwithstanding that it is not a party to this Agreement (other than with respect to Article 10), it will receive, in connection with the consummation of the

transactions contemplated by this Agreement, fair and adequate consideration for its indemnification obligations under this Agreement. AT&T Parent therefore agrees that it will be deemed for all purposes to be a primary obligor under each of such obligations, and not a guarantor or surety. Notwithstanding the foregoing, to the extent that any of the covenants or agreements in this Agreement are determined by a court of competent jurisdiction to be a guaranty (in such case, the "Guaranty") by AT&T Parent of indemnity obligations (in such case, the "Guaranteed Obligations") of any other person or entity (in such case the "Underlying Obligor"), then, such Guaranty will be continuing, absolute and unconditional (subject only to the applicable terms and conditions of this Agreement) and, to the maximum extent permitted by applicable law, AT&T Parent hereby:

11.20.1. Authorizes any beneficiary of such Guaranty (the "Beneficiary"), from time to time in such Beneficiary's sole discretion, and without notice to or demand upon AT&T Parent (i) to amend, extend, waive, restructure or otherwise modify the Guaranteed Obligations in whole or part, (ii) to release, compromise, collect, settle or otherwise liquidate the Guaranteed Obligations in whole or part, (iii) to take, hold, exchange, enforce, waive, release and otherwise deal with collateral for the Guaranteed Obligations, and (iv) to add, release or substitute any one or more endorser(s) or other guarantor(s) for the Guaranteed Obligations;

11.20.2. Agrees that:

(i) if any one or more of the foregoing actions are taken;

(ii) if there is any change in the structure or existence of the Underlying Obligor; or

(iii) if there occurs any other action, event or circumstance whatsoever which constitutes or might be deemed to constitute an equitable or legal discharge of an Underlying Obligor with respect to the Guaranteed Obligations or of AT&T Parent with respect to the Guaranty, whether in bankruptcy or otherwise;

then (in the case of each of (i), (ii) and (iii)), such action, event or circumstance shall not impair, reduce, release or otherwise mitigate AT&T Parent's liability under the Guaranty or the Guaranteed Obligations;

11.20.3. Waives its right to assert against any Beneficiary as a defense (legal or equitable), setoff, counterclaim or cross-claim in connection with the Guaranty, any defense (legal or equitable), setoff, counterclaim or cross-claim AT&T Parent may now or in the future have against the Underlying Obligor or any other person or entity;

11.20.4. Waives all defenses, counterclaims and setoffs arising from the present or future lack of perfection, sufficiency, validity or

enforceability of the Guaranteed Obligations or any security therefor or documents relating thereto;

11.20.5. Waives any defense arising by reason of any claim or defense based upon an election of remedies by a Beneficiary;

11.20.6. Waives all notices of acceptance, presentments, demand for performance, protests, diligence, notices of nonperformance or default, and all other notices or formalities which AT&T Parent may otherwise be entitled to under applicable law;

11.20.7. Waives all rights to require a Beneficiary to prosecute or seek enforcement of any remedies against an Underlying Obligor or any other person or entity liable on account of the Guaranteed Obligations, or to require a Beneficiary to seek to enforce or resort to any remedies with respect to any security interests, liens, encumbrances, collateral or other security for the Guaranteed Obligations; and

11.20.8. Agrees that AT&T Parent will have no right of subrogation, reimbursement, exoneration or contribution against the Underlying Obligor with respect to the Guaranty, and irrevocably waives any such rights and any rights to participate in any security now or hereafter held by a Beneficiary in connection with the Guaranteed Obligations.

[SIGNATURE PAGE FOLLOWS]

The parties have executed this Agreement as of the day and year first above written.

CHARTER COMMUNICATIONS, INC.

By: /s/ Curtis S. Shaw

Curtis S. Shaw
Senior Vice President

TCI TKR OF ALABAMA, INC.

TCI SOUTHEAST, INC.

Each by: /s/ Alfredo Di Blasio

Alfredo Di Blasio
Vice President

EXHIBIT 2.14(c)
CONFORMED COPY

ASSET PURCHASE AGREEMENT

AMONG

FALCON CABLE SYSTEMS COMPANY II, L.P.
ON THE ONE HAND

AND

AT&T BROADBAND, LLC, COMMUNICATION SERVICES, INC., OHIO CABLEVISION NETWORK, INC., TCI CABLEVISION OF CALIFORNIA, INC. AND TCI WASHINGTON ASSOCIATES, L.P.
ON THE OTHER HAND

DATED AS OF

FEBRUARY 26, 2001

NEVADA/CALIFORNIA

TABLE OF CONTENTS

LIST OF EXHIBITS AND SCHEDULES

ASSET PURCHASE AGREEMENT

This Asset Purchase Agreement ("Agreement") is made as of the 26th day of February, 2001, by and among AT&T and the Affiliates of AT&T whose names appear on the signature page of this Agreement (collectively, "Seller"), and Falcon Cable Systems Company II, L.P. ("Buyer").

RECITALS

A. The parties desire to effect the transfer of substantially all of the assets of the Business (as defined below) owned by Seller to Buyer for cash.

B. The purpose of this Agreement is to set forth the definitive terms upon which such transfer will take place.

C. This Agreement is being made concurrently with that Reorganization Agreement between TCI Cablevision of Nevada, Inc., TCI West, Inc., and Charter Communications, Inc. (the "Related Agreement").

AGREEMENTS

In consideration of the above recitals and the mutual agreements stated in this Agreement, the parties agree as follows:

1. DEFINITIONS.

In addition to terms defined elsewhere in this Agreement, the following capitalized terms, when used in this Agreement, will have the meanings set forth below:

1.1. 1992 Cable Act. The Cable Television Consumer Protection and Competition Act of 1992, as amended, and the FCC rules and regulations promulgated thereunder.

1.2. Affiliate. 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. For purposes of this Agreement, At Home Corporation and its subsidiaries and Liberty Media Corporation and its subsidiaries will not be treated as Affiliates of Seller.

1.3. Assets. All assets, properties, privileges, contracts, licenses, permits, franchises, authorizations, rights, interests, claims and other properties, real and personal, tangible and intangible, of every type and description (a) that

are owned, leased, held for use or used in the Business, and (b) in which Seller or any of its Affiliates has any right, title or interest or in which Seller or any of its Affiliates acquires any right, title or interest on or before the Closing Time. The Assets include the Franchises, Licenses, Intangibles, Contracts, Equipment (including Equipment used by AT&T Broadband Network Solutions, Inc. ("NSI"), solely in connection with the provision of services associated with the Systems or reflected in the Financial Statements, including under the Contracts between NSI and Third Parties listed on SCHEDULE 4.6), Books and Records, Real Property and deposits relating to the Business that are held by Third Parties for the account of Seller or for security for Seller's performance of its obligations, but excluding any Excluded Assets and any assets disposed of prior to the Closing Date in the ordinary course of business and not in violation of this Agreement.

1.4. AT&T. AT&T Broadband, LLC, a Delaware limited liability company.

1.5. Basic Services. The lowest tier of service offered to subscribers of a System.

1.6. Books and Records. All engineering records, files, data, drawings, blueprints, schematics, as-built System maps, reports, lists, title policies and title reports, plans, surveys, procedures and processes and all other files of correspondence, lists, records, agreements, amendments, notices, consents and reports to the extent concerning the Assets or the Business, including subscribers and prospective subscribers of the Systems, signal and program carriage and dealings with Governmental Authorities with respect to the Systems, including all reports filed with respect to the Systems by or on behalf of Seller or any of its Affiliates with the FCC and statements of account filed with respect to the Systems by or on behalf of Seller or any of its Affiliates with the U.S. Copyright Office, but excluding all corporate records, all financial and tax records not solely related to the operation of the Systems, and all documents, reports and records relating to any of the System Employees.

1.7. Business. The cable television business and other revenue-generating businesses and operations relating to the Systems that are conducted by Seller or any of its Affiliates through the Systems.

1.8. Business Day. Any day other than Saturday, Sunday or a day on which banking institutions in Denver, Colorado or New York, New York are required or authorized to be closed.

1.9. Closing. The consummation of the transactions contemplated by this Agreement, as described in Section 8.

1.10. Closing Date. The date on which the Closing occurs.

1.11. Closing Time. 11:59 p.m., local time at the location of the Assets, as applicable, on the Closing Date.

1.12. Communications Act. The Communications Act of 1934, as amended, and the rules and regulations of the FCC promulgated thereunder and currently in effect. Section 626 of the Communications Act refers to 47 U.S.C. section 546.

1.13. Contracts. All contracts, bonds, indentures, leases, notes, certificates, options, warrants, rights and other instruments, documents, obligations and agreements (in each case, other than Franchises, Licenses and those relating to Real Property), whether written or oral, to which Seller or any of its Affiliates is a party and which relate to the operation of the Business, including the lease agreements for Equipment, pole attachment agreements, underground conduit agreements, retransmission consent agreements, and multiple dwelling bulk billing or commercial service agreements.

1.14. Encumbrance. Any mortgage, lien, security interest, security agreement, conditional sale or other title retention agreement, consignment or bailment given for purposes of security, indenture, pledge, option, encumbrance, deed of trust, constructive trust or other trust, claim, attachment, charge, assessment, restriction on transfer or any exception to or defect in title or other ownership (legal or equitable) interest (including reservations, rights of way, possibilities of reverter, encroachments, protrusions, easements, rights of entry, rights of first refusal, rights of first offering, restrictive covenants, conditions, leases and licenses) of any kind, which constitutes an interest in property, whether arising pursuant to any Legal Requirement, License, Franchise, Contract or otherwise.

1.15. Environmental Law. Any applicable Legal Requirement relating to pollution or governing the protection of the environment, including CERCLA, OSHA, and RCRA and including Legal Requirements relating to emissions, discharges, releases or threatened releases of Hazardous Substances into the environment (including ambient air, surface water, ground water or land) or otherwise relating to the manufacture, processing, distribution, use, treatment, storage, disposal, transport, handling or presence of Hazardous Substances.

1.16. Equipment. All electronic devices, trunk and distribution coaxial and optical fiber cable, headend amplifiers, line amplifiers, drops, power supplies, conduit, vaults and pedestals, grounding and pole hardware, towers (other than towers on owned Real Property which are fixtures thereon and a part thereof), tower equipment, distribution systems, microwave equipment, subscriber's devices (including converters, encoders, transformers behind television sets and fittings), headend hardware (including origination, earth stations, transmission and distribution system), test equipment, vehicles, office equipment, computers and billing equipment, furniture, fixtures, supplies,

inventory and other tangible personal property owned or leased by Seller or any of its Affiliates and used in the Business.

1.17. Equivalent Basic Subscribers (or EBSs). As of any date of determination and for each Service Area served by a System, the sum of (a) the total number of private residential customer accounts that are billed by individual unit for at least Basic Services (regardless of whether such accounts are in single-family homes or in individually billed units in apartment buildings or other multi-unit buildings), but exclusive of "second connects" and "additional outlets" as such terms are commonly understood in the cable television industry; and (b) the quotient of (i) the total monthly billings for sales of Basic Services and Expanded Basic Services by such System for such Service Area during the most recent billing period ended prior to the date of calculation to commercial, bulk-billed and other accounts not billed by individual unit (whether on a discounted or non-discounted basis), but excluding billings in excess of a single month's charges for any account, divided by (ii) the standard monthly combined rate (without discount of any kind) charged by such System for such Service Area to individually billed subscribers for Basic Services and Expanded Basic Services offered by such System in effect during such billing period. For purposes of calculating the number of EBSs, there will be excluded: (A) all accounts billed by individual unit that are, and all billings to any commercial, bulk-billed and other accounts not billed by individual unit that are, more than 60 days past due in the payment of any amount in excess of the lesser of $7.50 or the standard rate charged for Basic Services at the time of determination; (B) any accounts billed by individual unit and all commercial, bulk-billed and other accounts not billed by individual unit that, as of the date of calculation, have not paid in full the charges for at least one full month of the subscribed service; (C) that portion of the billings to all accounts billed by individual unit included in clause (b) above and any commercial bulk-billed and other accounts not billed by individual unit representing an installation or other non-recurring charge, a charge for equipment or for any outlet or connection other than the first outlet or first connection in any individually billed unit or, with respect to a bulk account, in any residential unit (e.g., an individual apartment or rental unit), a charge for any tiered service other than Expanded Basic Services (whether or not included within Pay TV), any charge for Pay TV or a pass-through charge for sales Taxes, line-itemized franchise fees, fees charged by the FCC and the like; (D) any individually billed unit and all billings to any commercial, bulk-billed and other accounts not billed by individual unit whose service is pending disconnection for any reason; (E) any individually billed unit and all billings to any commercial, bulk-billed and other accounts not billed by individual unit that was solicited within the 60-day period preceding the Closing Date to purchase such services by promotions or offers of discounts other than those ordinarily made by Seller; and (F) any account for which Basic Services are provided free of charge.

1.18. Excluded Assets. All:

1.18.1. Programming Contracts (including music programming Contracts and Contracts with Starz!/Encore), cable guide Contracts (including TV Guide and interactive programming guide Contracts), and Contracts to which other cable systems of Seller or its Affiliates are subject (including the NCE Agreement, Contracts between Seller and its Affiliates and NSI, master retransmission consent Contracts, master billing Contracts and master multiple dwelling unit Contracts (but not any subordinate multiple dwelling unit Contracts that incorporate the terms of such master Contracts by reference)), other than any such Contracts (or interests therein) listed on SCHEDULE 4.6;

1.18.2. Seller Plans (as defined in Section 4.15.2) and any cash, reserve, trust or funding arrangement held or set aside for the payment of benefits under such Seller Plans;

1.18.3. Insurance policies and rights and claims under insurance policies (except as otherwise provided in Section 6.9);

1.18.4. Bonds, letters of credit, surety instruments and other similar items;

1.18.5. Except for petty cash to the extent transferred to Buyer, cash and cash equivalents, including cash relating to subscriber prepayments and deposits, and notes receivable;

1.18.6. Subject to Buyer's rights under Section 6.12, trademarks, trade names, service marks, service names, logos, patents, copyrights and other intellectual property or proprietary rights of Seller or any of its Affiliates, except for software which is not an Excluded Asset under Section 1.18.14;

1.18.7. Subscriber billing Contracts and related equipment if not owned by Seller or any of its Affiliates;

1.18.8. Assets, rights and properties of Seller or its Affiliates used or held for use other than primarily in connection with the business operations of the Systems; provided, however, notwithstanding the foregoing, Assets which produce revenues that are set forth on the Financial Statements will not constitute Excluded Assets pursuant to this Section 1.18.8;

1.18.9. Except (a) accounts receivable and (b) any other claim, right or interest to the extent reflected in the adjustment to the Purchase Price determined pursuant to Section 3.2, all claims, rights and interests in and to any refunds of, or amounts credited against, Taxes or fees of any nature, including franchise and copyright fees, or any other claims against Third Parties, relating to the operation of the Systems prior to the Closing Time;

1.18.10. Except as set forth on SCHEDULE 4.6, any employment, compensation, bonus, deferred compensation, consulting, collective bargaining agreements, agency or management Contracts;

1.18.11. All Business documents and records not included in the Books and Records (provided that copies of personnel files will be made available to Buyer for a period of three years after the Closing Date upon reasonable request by Buyer accompanied by a waiver and release from the employee whose records are sought in form and substance reasonably satisfactory to Seller);

1.18.12. Capital and vehicle leases;

1.18.13. Advertising sales agency or representation Contracts providing any Third Party or Affiliate of Seller the right to sell available advertising time for a System (including any Contract with National Cable Communications or Cable Networks, Inc.), other than any such Contract disclosed on SCHEDULE 4.6;

1.18.14. Proprietary software of Seller or its Affiliates and licenses relating to Third Party software and maintenance agreements with respect thereto, other than transferable licenses relating to Third Party software installed on computers included in the Assets;

1.18.15. Contracts for Internet access or on-line service arrangements that provide to any Third Party or Affiliate of Seller the right to use the transmission capacity of a System to provide Internet access or other on-line services over such System, other than those disclosed on SCHEDULE 4.6;

1.18.16. Contracts and related accounts receivable for providing DMX service to commercial accounts via direct broadcast satellite;

1.18.17. Contracts for telephony services to be provided to subscribers of the Systems through the Assets;

1.18.18. Intercompany receivables; and

1.18.19. The assets specifically disclosed on SCHEDULE 1.18.

1.19. Expanded Basic Service. Any video programming provided over a System, regardless of service tier, other than Basic Services, any new product tier and Pay TV.

1.20. FCC. The Federal Communications Commission and any successor Governmental Authority.

1.21. Franchises. The franchises, permits and similar authorizations included among the Assets (other than Licenses) described on SCHEDULE 4.5, and

all rights and benefits of Seller and its Affiliates pertaining thereto, including the rights and benefits arising under Section 626 of the Communications Act to the extent applicable to Franchises.

1.22. GAAP. Generally accepted accounting principles as in effect from time to time in the United States of America.

1.23. Governmental Authority. (a) The United States of America; (b) any state, commonwealth, territory or possession of the United States of America and any political subdivision thereof (including counties, municipalities and the like); or (c) any agency, authority or instrumentality of any of the foregoing, including any court, tribunal, department, bureau, commission, board or quasi-governmental authority.

1.24. Hazardous Substances. Any pollutant, contaminant, chemical, industrial, toxic, hazardous or noxious substance or waste which is regulated by a Governmental Authority, including (a) any petroleum or petroleum compounds (refined or crude), flammable substances, explosives, radioactive materials or any other materials or pollutants; (b) any "hazardous waste" as defined by the Resource Conservation and Recovery Act of 1976 (RCRA) (42 U.S.C. Sections 6901 et seq.), as amended, and the rules and regulations promulgated thereunder; (c) any "hazardous substance" as defined by The Comprehensive Environmental Response, Compensation and Liability Act of 1980 (42 U.S.C. Sections 9601 et seq.) (CERCLA), as amended, and the rules and regulations promulgated thereunder; (d) any substance regulated by the Toxic Substances Control Act (TSCA) (42 U.S.C. Sections 2601 et seq.), or The Federal Insecticide, Fungicide and Rodenticide Act (FIFRA) (7 U.S.C. Sections 136 et seq.), each as amended, and the rules and regulations promulgated thereunder; (e) asbestos or asbestos-containing material of any kind or character; (f) polychlorinated biphenyls; (g) any substances regulated under the provisions of Subtitle I of RCRA relating to underground storage tanks; and (h) any materials or substances designated as "hazardous substances" pursuant to the Clean Water Act (33 U.S.C. Sec. 1251 et seq.); (i) any substance the presence, use, handling, treatment, storage or disposal of which is regulated or prohibited by any Environmental Law (j) any other substance which by any Environmental Law requires special handling, reporting or notification of any Governmental Authority in its collection, storage, use, treatment or disposal or (k) any other substance which is regulated by or pursuant to any Environmental Law.

1.25. Intangibles. Subscriber lists, accounts receivable, claims (excluding any claims relating to Excluded Assets), goodwill, if any, and any other intangible asset owned or held by Seller and used in the Business.

1.26. Knowledge. The actual knowledge of a particular matter of (a) one or more of the principal corporate personnel of Seller involved in the transactions contemplated by this Agreement, including Alfredo Di Blasio, Dan Buchanan, Karla Tartz, Marsha Berkbigler, Frank Mingolla, Lafawn Vannest,

Robert Withers and Judge Smith, or (b) any of the general managers (or holders of positions of equivalent responsibility) of the Systems.

1.27. Legal Requirement. Any statute, ordinance, code, law, rule, regulation, permit, approval, order or other written requirement, standard or procedure enacted, adopted or applied by any Governmental Authority, including any judgment, writ, order, injunction, award or decree of any court, judge, justice or magistrate, including any bankruptcy court or judge or the arbitrator in any binding arbitration.

1.28. Licenses. The intangible cable television channel distribution rights, cable television relay service ("CARS"), business radio and other licenses, earth station registrations, authorizations, consents or permits issued by the FCC or any other Governmental Authority and related to the Business, including material state and local business licenses, including those described on SCHEDULE 4.5 (other than the Franchises) and all rights and benefits of Seller and its Affiliates pertaining thereto.

1.29. Losses. Any claims, losses, liabilities, damages, penalties, costs and expenses, including interest that may be imposed in connection therewith, expenses of investigation, reasonable fees and disbursements of counsel and other experts and settlement costs.

1.30. Material Adverse Effect. A material adverse effect on the Assets, the Business, the operations, condition (financial or otherwise) or results of operations of the Systems taken as a whole, or on the ability of Seller to perform its obligations under this Agreement, but without taking into account any effect resulting from (i) changes in conditions (including economic conditions, changes in FCC regulations or federal governmental actions, legislation or regulations) that are applicable to the economy or the cable television industry on a national basis, (ii) any changes in technology affecting the Business, or (iii) any competition from the direct broadcast satellite industry.

1.31. MVPD. A distributor of cable television services, multichannel multi-point distribution service, direct broadcast satellite service or television receive only satellite programming, who makes available for purchase, by subscribers or customers, multiple channels of video programming, other than Persons distributing such services only to multiple dwelling unit or other commercial customers (including hotels, motels, resorts, hospitals, dormitories, prisons, restaurants, bars and similar establishments).

1.32. Pay TV. Premium programming services selected by and sold to subscribers of the Systems on an a la carte basis for fees in addition to the fee for Basic Services or Expanded Basic Services.

1.33. Permitted Encumbrances. The following Encumbrances: (a) liens for Taxes, assessments and governmental charges not yet due and payable;

(b) zoning laws and ordinances and similar Legal Requirements; (c) any right reserved to any Governmental Authority to regulate the affected property (including restrictions stated in the Franchises and Licenses); (d) in the case of any leased Asset, (i) the rights of any lessor and (ii) any Encumbrance granted by any lessor of such leased Asset; (e) inchoate materialmens', mechanics', workmen's, repairmen's or other like inchoate Encumbrances arising in the ordinary course of business which constitute Assumed Obligations and Liabilities; (f) in the case of owned Real Property, any easements, rights-of-way, servitudes, permits, restrictions and minor imperfections or irregularities in title which do not individually or in the aggregate materially interfere with the right or ability to use, own, enjoy or operate the Real Property as currently being used and which do not impair the value of the Real Property or interfere with Seller's ability or right to convey good, marketable and indefeasible fee simple title to the owned Real Property (or in the case of leased or other Real Property, the right to convey such leasehold or other interest); (g) any Encumbrance (other than an Encumbrance securing a monetary obligation) that does not individually or in the aggregate interfere with the continued use of the Assets subject thereto in the operation of the Business as currently being used; and (h) those Encumbrances disclosed on SCHEDULE 1.33.

1.34. Person. Any natural person, corporation, partnership, trust, unincorporated organization, association, limited liability company, Governmental Authority or other entity.

1.35. Real Property. The Assets owned or leased by Seller or any of its Affiliates and used or useful in the Business consisting of realty, including appurtenances, improvements (including towers and headend storage buildings) and fixtures located on such realty, and any other interests in real property, including fee interests, leasehold interests and easements, rights of access, licenses, wire crossing permits, rights of entry (but not including interests in real property granted in Contracts in connection with services provided by Seller to the residents or occupants of such real property, including access and service Contracts with the owners of multiple dwelling unit complexes), options and rights of first refusal.

1.36. Required Consents. All authorizations, approvals and consents required under or in connection with any Legal Requirement or under any Assets, Franchises, Licenses, Real Property or Contracts required to be disclosed on SCHEDULE 4.6, for (a) Seller to transfer the Assets and the Business to Buyer, and (b) Buyer to conduct the Business and to own, lease, use and operate the Assets and Systems at the places and in the manner in which the Business is conducted and the Systems are operated as of the date of this Agreement and on the Closing Date.

1.37. Service Area. The municipalities and counties in and around which Seller operates the Systems and the Business, which are disclosed on SCHEDULE 1.39.

1.38. System Employees. All employees of Seller or of any Affiliate of Seller who are primarily engaged in the operation of the Business.

1.39. Systems. The cable television systems listed on SCHEDULE 1.39, which operate in and around the Service Area.

1.40. Taxes. All levies and assessments of any kind or nature imposed by any Governmental Authority, including all income, sales, use, offer, registration, ad valorem, value added, alternative or add-on minimum (including taxes under Section 59A of the Code), franchise, severance, net or gross proceeds, withholding, payroll, employment, social security (or similar), unemployment, disability, excise, real or personal property taxes and levies or assessments related to unclaimed property, together with any interest thereon and any penalties, additions to Tax or additional amounts applicable thereto, whether disputed or not.

1.41. Third Party. Any Person other than Seller or Buyer and their respective Affiliates.

1.42. Other Definitions. The following terms are defined in the Sections indicated:

Term	Section
Action	10.4
Agreement	preamble
Antitrust Division	6.7
Apportioned Obligations	6.10.2
Approved Leave of Absence	6.3.1
Assumed Obligations and Liabilities	2.2
Bill of Sale	8.2(a)
Buyer	preamble
Buyer's Welfare Plans	6.3.5(a)(ii)
CARS	1.28
Code	8.2(e)
Disagreement Notice	3.3.1
ERISA	4.15.1
ERISA Affiliate	4.15.2
Escrow Agent	3.3.1
Escrow Amount	3.3.1
FAA	6.2.5(xv)
FCC Rate Forms	6.2.5(vii)
Final Adjustments Report	3.3.2
Final Allocation	3.4
Financial Statements	4.11
Franchise Consent Ratio	7.2.4

Term	Section
FTC	6.7
HSR Act	6.7
Hired Employee	6.3.1
Indemnified Party	10.4
Indemnifying Party	10.4
NCE Agreement	6.3.7
New Properties	6.11
NSI	1.3
Offer/No Offer Schedule	6.3.1
Past Service	6.3.5(a)(ii)
Phase I Assessment	6.25.1
Phase II Assessment	6.25.1
Preliminary Adjustments Report	3.3.1
Prime Rate	11.13
Purchase Price	3.1
Qualified Intermediary	11.1
Related Agreement	recitals
Retained Assets	6.5.4
Retained Assets Management Agreement	6.5.4
Retained Franchises	6.5.4
Retained Purchase Price	6.5.4
Seller	preamble
Seller Plans	4.15.2
Subscriber Shortfall	3.2.6
Survival Period	10.1
System Employee Schedule	6.3.1
Taking	6.9.2
Threshold Amount	10.5
Transaction Documents	4.2
Transfer Tax Returns	6.10.1
Transitional Billing Services	6.13
Transitional HSD Services	6.14
Underpayment	3.3.3
WARN	6.3.2

2. PURCHASE AND SALE OF ASSETS; ASSUMED OBLIGATIONS AND LIABILITIES.

2.1. Purchase and Sale of Assets. Subject to the terms and conditions set forth in this Agreement, at the Closing Time, Seller will sell to Buyer, and Buyer will purchase from Seller, free and clear of all Encumbrances (except Permitted Encumbrances), the Assets.

2.2. Assumed Obligations and Liabilities. At the Closing Time, Buyer will assume, and after the Closing Time, Buyer will pay, discharge and perform, the following (the "Assumed Obligations and Liabilities"): (a) those obligations

and liabilities accruing and relating to periods after the Closing Time under or with respect to the Assets assigned and transferred to Buyer at the Closing; (b) those obligations and liabilities of Seller to subscribers and customers of Seller's Business for (i) subscriber deposits held by Seller as of the Closing Date related to the Systems in the amount for which Buyer received credit under Section 3.2 and (ii) customer, advertising and other advance payments held by Seller as of the Closing Date related to the Systems in the amount for which Buyer received credit under Section 3.2; (c) all obligations and liabilities accruing and relating to the Business prior to the Closing Time but only to the extent that Buyer received a credit pursuant to Section 3.2; and (d) all other obligations and liabilities accruing and relating to periods after the Closing Time and arising out of Buyer's ownership of the Assets or operation of the Systems after the Closing Time, except to the extent that such obligations or liabilities relate to any Excluded Asset. All obligations and liabilities, contingent, fixed or otherwise, arising out of or relating to the Assets or the Systems other than the Assumed Obligations and Liabilities will remain and be the obligations and liabilities solely of Seller including any obligation, liability or claims relating to or arising pursuant to (w) Taxes (including franchise fees) arising out of or relating to the Assets or the Business and with respect to periods or portions thereof ending on or prior to the Closing Time, (x) refunds of rates, charges or late fees arising out of or relating to the Assets or the Business and with respect to periods through and including the Closing Time, (y) any claim, action, suit, proceeding, arbitration, investigation or hearing, any tolling, settlement or license agreement with respect to any of the foregoing, or any other activity or procedure, or any notice of any of the foregoing which could result in any judgment, writ, order, injunction, award or decree of any court, judge, justice or magistrate, including any bankruptcy court or judge or the arbitrator in any binding arbitration, and any order of or by any Governmental Authority arising out of or relating to the Assets or the Business and commenced, or related to an event occurring, on or prior to the Closing Time, or (z) credit, loan or other agreements arising out of or relating to the Assets or the Business and pursuant to which Seller or any of its Affiliates has created, incurred, assumed or guaranteed indebtedness for borrowed money or under which any Encumbrance securing such indebtedness has been or may be imposed on any Asset.

3. CONSIDERATION.

3.1. Purchase Price. Buyer will pay to Seller for the Assets total cash consideration of $185,200,000 (the "Purchase Price"), subject to adjustment as provided in Section 3.2. The Purchase Price will be paid at the Closing by wire transfer of immediately available funds pursuant to wire instructions delivered by Seller to Buyer no later than two Business Days prior to the Closing Date:

3.2. Adjustments to Purchase Price. The Purchase Price will be adjusted as follows:

3.2.1. Adjustments on a pro rata basis as of the Closing Time will be made for all prepaid expenses other than inventory (but only to the extent the full benefit of such prepaid expenses will be realizable within twelve (12) months after the Closing Date), accrued expenses (including real and personal property Taxes), copyright fees and franchise or license fees or charges, prepaid income, subscriber prepayments and accounts receivable related to the Business, all as determined in accordance with GAAP consistently applied, and to reflect the principle that all expenses and income attributable to the Business for the period through and including the Closing Time are for the account of Seller, and all expenses and income attributable to the Business for the period after the Closing Time are for the account of Buyer. Notwithstanding the foregoing, the Purchase Price will only be increased by 98% of the accounts receivable; provided, further, that Seller will receive no credit for (a) any accounts receivable resulting from cable television services or Internet access or high speed data services of which more than $7.50 is 60 days or more past due from the billing date as of the Closing Date, (b) any accounts receivable resulting from advertising sales of which any portion is 120 days or more past due from the date of invoice as of the Closing Date, and (c) accounts receivable from customers whose accounts are inactive as of the Closing Date. For purposes of making "past due" calculations under clause (a) of the preceding sentence, the billing statements of a System will be deemed to be due and payable on the first day of the period during which the service to which such billing statements relate is provided.

3.2.2. The Purchase Price will be decreased by the amount of all advance payments to, or funds of Third Parties on deposit with, Seller as of the Closing Time and relating to the Business, including advance payments and deposits by subscribers served by the Business for converters, encoders, decoders, cable modems, cable television services and related sales.

3.2.3. The Purchase Price will be decreased by the amount of the economic value of all accrued vacation time that Buyer credits after the Closing Time to Hired Employees pursuant to Section 6.3, where economic value is the amount equal to the cash compensation that would be payable to each such Hired Employee at his or her level of compensation on the Closing Date for a period equal to such credited accrued vacation.

3.2.4. The Purchase Price will be increased by the amount of all deposits relating to the Business and the operation of the Systems that are held by Third Parties as of the Closing Time for the account of Seller which relate to the Systems or are held as security for Seller's performance of its obligations, including deposits on leases and deposits for utilities, but excluding those which are or relate to Excluded Assets or the full benefit of which will not be available to Buyer following the Closing, and such deposits will become the property of Buyer.

3.2.5. The Purchase Price will be decreased by an amount equal to the excess (if any) of the total amount of capital expenditures set forth on the Systems' capital budget (a copy of which has been provided to Buyer) over the actual amount of capital expenditures as of the Closing Time made for such projects since December 31, 2000. The Purchase Price will be increased by an amount equal to the capital expenditures not included in such capital budget and incurred by Seller at Buyer's request in accordance with Section 6.2.2(y).

3.2.6. The Purchase Price will be decreased by the dollar amount equal to the product of (i) 34.62% of the Subscriber Shortfall multiplied by (ii) $3,429. For purposes of this Agreement, the "Subscriber Shortfall" equals the number, if any, by which the aggregate of the Equivalent Basic Subscribers for the Systems and the "Equivalent Basic Subscribers" for the "Systems," as described in the Related Agreement, as of the Closing Time is less than 154,440.

3.2.7. The adjustments provided for in this Section 3.2 will be made without duplication under this Agreement or the Related Agreement. In addition, none of the adjustments provided for in this Section 3.2 will be made with respect to any Excluded Asset or with respect to any item of income or expense related to an Excluded Asset.

3.2.8. The net amount of the adjustments calculated under this Section 3.2, as preliminarily determined pursuant to Section 3.3.1, will be added or subtracted, as applicable, to the Purchase Price at the Closing.

3.3. Determination of Adjustments. Preliminary and final adjustments to the Purchase Price will be determined as follows:

3.3.1. Not later than a date Seller reasonably believes is at least five Business Days prior to the Closing, Seller will deliver to Buyer a report (the "Preliminary Adjustments Report"), showing in detail the good faith preliminary determination of the adjustments referred to in Section 3.2, which have been calculated as of the Closing Time (or as of any other date and time agreed by the parties) and appropriate documents substantiating the adjustments proposed in the Preliminary Adjustments Report. Buyer will have three Business Days following receipt of the Preliminary Adjustments Report to review such Report and supporting information and to notify Seller of any disagreements of Buyer with Seller's estimates. If Buyer provides a notice of disagreement (the "Disagreement Notice") with Seller's estimates of the adjustments referred to in Section 3.2 within such three Business Day period, Buyer and Seller will negotiate in good faith to resolve any such dispute and to reach an agreement prior to the Closing Date on such estimated adjustments as of the Closing Time. The basis for determining the Purchase Price to be paid at the Closing will be (a) the estimate so agreed upon by Buyer and Seller, (b) if the parties do not reach such an agreement on the estimated amount of the adjustments set forth in the Preliminary Adjustments Report prior to the Closing Date and the amount in dispute is less than or equal to $1,000,000 or if Buyer fails to provide a notice of

disagreement with Seller's estimates of such adjustments within the requisite time provided, the estimates of such adjustments set forth in the Preliminary Adjustments Report or (c) if the parties do not reach such an agreement on the estimated amount of the adjustments set forth in the Preliminary Adjustments Report prior to the Closing Date and the amount in dispute is greater than $1,000,000, the estimates of such adjustments set forth in the Preliminary Adjustments Report less (i) an amount equal to the excess (if any) of (A) the Purchase Price based on the adjustments proposed by Seller set forth in the Preliminary Adjustments Report, over (B) the Purchase Price based on Buyer's estimate of such adjustments set forth in the Disagreement Notice or (ii) $1,750,000, whichever is less (the "Escrow Amount"). If the Purchase Price to be paid at Closing is determined under (c) above, Buyer will deposit the Escrow Amount into an escrow account (which will be held by Chase Manhattan Bank or other escrow agent which is mutually acceptable to Buyer and Seller (the "Escrow Agent") and governed by an escrow agreement substantially in the form of EXHIBIT B).

3.3.2. Within 90 days after the Closing Date, Seller will deliver to Buyer a report (the "Final Adjustments Report") showing in detail the final determination of all adjustments which were not calculated as of the Closing Time and containing any corrections to the Preliminary Adjustments Report, together with appropriate documents substantiating the adjustments proposed in the Final Adjustments Report. Buyer will provide Seller with reasonable access to all records that Buyer has in its possession and which are necessary for Seller to prepare the Final Adjustments Report.

3.3.3. Within 30 days after receipt of the Final Adjustments Report, Buyer will give Seller written notice of Buyer's objections, if any, to the Final Adjustments Report. If Buyer timely makes any such objection, the parties will agree on any items, if any, which are not in dispute within 30 days after Seller's receipt of Buyer's notice of objections to the Final Adjustments Report. Any disputed amounts will be determined by the accounting firm of Deloitte & Touche, which will be obligated to determine such amounts within 90 days after the dispute is submitted to it, and the determination of which will be conclusive. Seller and Buyer will bear equally the fees and expenses payable to such firm in connection with such determination. If the Purchase Price, as finally determined, exceeds the estimated Purchase Price actually paid to Seller at the Closing (such excess, the "Underpayment") and Buyer made a deposit into escrow pursuant to Section 3.3.1, then Buyer and Seller will instruct the Escrow Agent to release to Seller the amount of the Underpayment, and to release to Buyer any remaining funds in the escrow account. If either (i) the amounts released to Seller from the escrow account are less than the amount of the Underpayment or (ii) no deposit to the escrow account was made pursuant to Section 3.3.1, Buyer will pay to Seller an amount equal to the Underpayment minus the amount, if any, released to Seller from the escrow account. If the estimated Purchase Price paid at the Closing exceeds the Purchase Price, as finally determined, then Buyer and Seller will instruct the Escrow Agent to release all funds, if any, in the escrow account

to Buyer and Seller will pay to Buyer an amount equal to the excess of the Purchase Price, as finally determined, over the estimated Purchase Price paid at the Closing. Any such payments will be made by wire transfer of immediately available funds to the other party within three Business Days after the final determination of all disputed items.

3.4. Allocation of Purchase Price. No later than 120 days after Closing, Buyer will deliver to Seller a written estimate of the allocation of the Purchase Price, as finally determined pursuant to Section 3.3, and the Assumed Obligations and Liabilities, among the Assets, as such Assets existed immediately prior to the Closing Time. The parties will use reasonable good faith efforts to agree on the final allocation of the Purchase Price and the Assumed Obligations and Liabilities among the Assets within 60 days after delivery of Buyer's estimate of such allocation (the "Final Allocation"). In determining the Final Allocation, the Purchase Price and the Assumed Obligations and Liabilities will be allocated between the tangible assets and the Franchises acquired by Buyer by allocating to the tangible assets amounts equal to the book value of such tangible assets on the Closing Date and the remainder to the Franchises. Each Seller and Buyer will timely file any forms required to be filed under Section 1060 of the Code and any corresponding provision of state or local tax law. In addition, Seller and Buyer each agree (i) to file all Tax returns and determine all Taxes (including, without limitation, for purposes of Section 1060 of the Code) in accordance with and based upon the Final Allocation and (ii) not to take any position inconsistent with such Final Allocation in any audit or judicial or administrative proceeding or otherwise.

4. REPRESENTATIONS AND WARRANTIES OF SELLER.

All of the entities comprising Seller jointly and severally represent and warrant to Buyer, as of the date of this Agreement and as of the Closing, as follows:

4.1. Organization and Qualification. Each entity comprising Seller is duly organized, validly existing and in good standing under the laws of the state of its organization and has all requisite power and authority to own, lease and use the Assets as they are currently owned, leased and used and to conduct the Business as it is currently conducted. Each entity comprising Seller is duly qualified to do business and is in good standing under the laws of each jurisdiction where it operates the Business.

4.2. Authority and Validity. Seller has all requisite power and authority to execute and deliver, to perform its obligations under, and to consummate the transactions contemplated by, this Agreement and all other documents and instruments to be executed and delivered in connection with the transactions contemplated by this Agreement (collectively, the "Transaction Documents") to which Seller is a party. The execution and delivery by Seller of this Agreement has been duly authorized by all requisite entity action. The execution and delivery by Seller of the Transaction Documents to which Seller is a party, the

performance by Seller of its obligations under and the consummation by Seller of the transactions contemplated by this Agreement and the Transaction Documents to which Seller is a party have been, or will by the Closing Date be, duly authorized by all requisite entity action. This Agreement is, and when executed and delivered by Seller the Transaction Documents will be, the valid and binding obligations of Seller, enforceable against Seller in accordance with their respective terms, except insofar as enforceability may be affected by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws now or hereafter in effect affecting creditors' rights generally or by principles governing the availability of equitable remedies.

4.3. No Conflict; Required Consents. Subject to obtaining the Required Consents, all of which are disclosed on SCHEDULE 4.3, and the receipt of any consent required or the expiration or termination of the applicable waiting period under the HSR Act, the execution and delivery by Seller, the performance of Seller under, and the consummation by Seller of the transactions contemplated by, this Agreement and the Transaction Documents to which Seller is a party do not and will not: (a) conflict with or violate any provision of the organizational documents of Seller; (b) violate any Legal Requirement in any material respect; (c) require any consent, waiver, approval or authorization of, or any filing with or notice to, any Governmental Authority or other Person; or (d) (i) violate, conflict with or constitute a breach of or default under (without regard to requirements of notice, lapse of time or elections of other Persons or any combination thereof), (ii) permit or result in the termination, suspension or modification of, (iii) result in the acceleration of (or give any Person the right to accelerate) the performance of Seller under, or (iv) result in the creation or imposition of any Encumbrance under, any Contract, Franchise or License or any other instrument evidencing any of the Assets, or any instrument or other agreement by which any of the Assets is bound or affected, except for purposes of clauses (c) or (d), above, any consents, waivers, approvals or authorizations required under any bulk Contracts relating to multiple dwelling units with less than 250 units.

4.4. Assets. Seller has good and marketable title in and to (or, in the case of Assets that are leased, valid leasehold interests in) the Assets (other than Real Property, as to which the representations and warranties in Section 4.7 apply). The Assets are free and clear of all Encumbrances, except (a) Permitted Encumbrances, (b) rights of first refusal stated in the Franchises and Licenses, each of which will be waived by the Person holding such right prior to the Closing, and (c) Encumbrances disclosed on SCHEDULE 4.4. Except for the Excluded Assets, the Assets are all the assets necessary to permit Buyer to conduct the Business and to operate the Systems substantially as the Business is being conducted and the Systems are being operated on the date of this Agreement and in compliance with all applicable Legal Requirements and to perform all of the Assumed Obligations and Liabilities. Except as disclosed on SCHEDULE 4.4, all of the Equipment is in good operating condition and repair,

ordinary wear and tear excepted, and is adequate for the operation of the Business.

4.5. Franchises and Licenses. Except as disclosed on SCHEDULE 4.5, Seller is not bound or affected by any (a) "franchise," as such term is defined in Section 602 of the Communications Act (47 U.S.C. 522), in connection with the operation of the Business, (b) license, authorization or permit issued by the FCC that relates to the Systems or the operation of the Business or (c) any licenses, authorizations or permits of any other Governmental Authority (other than those described in clauses (a) or (b)) which are individually or in the aggregate material to the Business or the Systems. Seller has provided Buyer with access to true and complete copies of each Franchise and License disclosed on SCHEDULE 4.5. SCHEDULE 4.5 discloses the specific Seller bound or affected by each Franchise. To the extent that SCHEDULE 4.5 fails to disclose the specific Seller bound or affected by each item listed thereon or any license, authorization or permit of any Governmental Authority, Seller will provide such information to Buyer within 30 days after the date of this Agreement. Except as disclosed on SCHEDULE 4.5, the Franchises and Licenses are currently in full force and effect under all applicable Legal Requirements according to their terms and Seller is not in breach or default of any terms or conditions thereunder and no event has occurred that, with notice or lapse of time or both would constitute a breach, violation or default thereunder by Seller. Except as disclosed on SCHEDULE 4.5, there is no legal action, governmental proceeding or investigation, pending or, to Seller's Knowledge, threatened, to terminate, suspend or modify any Franchise or License. Except as set forth on SCHEDULE 4.5, (a) the Franchises contain all of the commitments of Seller to the applicable Governmental Authority granting such Franchises with respect to the construction, ownership and operation of the Systems, and (b) other than as set forth in the Franchises, Seller has not made any commitment to any local franchising authority to make any expenditure or capital addition or betterment to any System or the Assets that will not be fulfilled or satisfied prior to the Closing Time. As of the date of this Agreement, except as disclosed on SCHEDULE 4.5, and other than any satellite master antenna television system which serves fewer than 1000 dwelling units and direct broadcast satellite television, with respect to each area in which the Systems currently provide cable television service: (a) no Third Party is operating a cable television system or other non-satellite MVPD other than a System in such area; (b) no construction programs have been substantially undertaken, or, to the Knowledge of Seller, are proposed to be undertaken, by any municipality or Third Party wireline cable television operator in the Service Area, (c) no franchise has been, or, to the Knowledge of Seller, is proposed to be, granted to any Third Party in the Service Area, other than franchises included in the Assets; and (d) to the Knowledge of Seller, no Third Party MVPD has applied for a cable television franchise or open video system or similar authorization to serve such area.

4.6. Contracts. All Contracts are disclosed on SCHEDULE 4.6, except for: (a) subscription agreements with individual residential subscribers or commercial

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establishments for the cable services provided by the Systems in the ordinary course of business; (b) miscellaneous service Contracts with Seller's vendors terminable at will or upon notice of 30 days or less without penalty; (c) Contracts not involving any monetary obligation in excess of $25,000; (d) bank financing documents; (e) Contracts constituting Excluded Assets; and (f) Contracts relating to services provided by Seller to residents of multiple dwelling unit complexes or to commercial accounts. Without limiting the foregoing, SCHEDULE 4.6 discloses all programming agreements, wireline crossing agreement, pole attachment agreements, fiber leases, Contracts between Seller and its Affiliates, retransmission consent agreements, capital leases of personal property and agreements limiting the right of the Systems to compete, except, in each case, such Contracts that are Excluded Assets. Seller has provided Buyer with access to true and complete copies of each of the written Contracts disclosed on SCHEDULE 4.6 and will provide Buyer access to all other Contracts (including descriptions of oral Contracts) of Seller within 30 days after the date of this Agreement. Seller will further provide Buyer with a complete list of all multiple dwelling unit complexes served by the Systems as of the date specified in such list. Each Contract is in full force and effect and constitutes the valid, legal, binding and enforceable obligation of Seller, and Seller is not in breach or default of any terms or conditions thereunder. To Seller's Knowledge no other party thereto is, in breach or default of any material terms or conditions thereunder.

4.7. Real Property.

4.7.1. All of the Assets consisting of Real Property interests are disclosed on SCHEDULE 4.7. To the extent that SCHEDULE 4.7 fails to disclose the specific Seller holding each interest listed thereon, Seller will provide such information to Buyer within 30 days after the date of this Agreement. Except as otherwise disclosed on SCHEDULE 4.7, Seller is the sole owner (both legal and equitable) and holds, or at the time of the Closing will hold, good and marketable fee simple absolute title to each parcel of Real Property disclosed as being owned by Seller on SCHEDULE 4.7 or is otherwise owned by Seller and all buildings, structures and improvements thereon and has the valid and enforceable right to use and possess such owned Real Property and improvements, in each case free and clear of all Encumbrances except for Permitted Encumbrances. Seller has valid and enforceable leasehold interests in the Real Property disclosed as being leased by Seller on SCHEDULE 4.7 or is otherwise leased by Seller and, with respect to other Real Property not owned or leased by Seller, Seller has the valid and enforceable right to use all other Real Property pursuant to the easements, licenses, rights-of-way or other rights disclosed on SCHEDULE 4.7 or is otherwise used by Seller, and all improvements thereon owned by Seller and included in the Assets, in each case free and clear of all Encumbrances except for Permitted Encumbrances. With respect to leasehold interests and other material interests in Real Property, Seller is not in breach or default of any terms or conditions of any written instrument relating thereto and,

to Seller's Knowledge, no other party thereto is in material breach or default of any terms or conditions of any such written instrument.

4.7.2. There are no leases or other agreements, oral or written, granting to any Person other than Seller the right to occupy or use any Real Property, except as disclosed on SCHEDULE 4.7. Seller has provided Buyer with access to true and complete copies of each of the written leases and other agreements disclosed on SCHEDULE 4.7, including all amendments and addenda thereto. Each parcel of Real Property owned or leased by Seller, any improvements constructed thereon and their current use, conforms in all material respects to (a) all applicable Legal Requirements, and (b) all restrictive covenants, if any, or other Encumbrances affecting all or part of such Real Property.

4.7.3. Except as disclosed on SCHEDULE 4.7, each parcel of owned Real Property and each parcel of leased Real Property (a) has access to and over public streets or private streets for which Seller has a valid right of ingress and egress, (b) conforms in its current use and occupancy in all material respects to all zoning requirements and (c) conforms in its current use in all material respects to all restrictive covenants, if any, or other Encumbrances affecting all or part of such parcel. There are no pending or, to Seller's Knowledge, threatened condemnation actions or special assessments or proceedings for changes in the zoning with respect to such Real Property or any part thereof and Seller has not received any notice of the desire of any Governmental Authority or other entity to take or use any Real Property or any part thereof. Seller has complied in all material respects with all notices or orders to correct violations of Legal Requirements issued by any Governmental Authority having jurisdiction against or affecting any of the Real Property.

4.8. Environmental Matters.

4.8.1. Except as disclosed on SCHEDULE 4.8: (a) to the Knowledge of Seller, the Real Property currently complies in all material respects with Environmental Laws; (b) neither the Real Property owned by Seller nor, to the Knowledge of Seller, the Real Property leased by Seller is the subject of any court order, administrative order or decree arising under any Environmental Law; and (c) the Real Property has not been used by Seller for the generation, storage, discharge or disposal of any Hazardous Substances except as permitted under Environmental Laws. Except as disclosed on SCHEDULE 4.8, Seller has not received any written notice from any Governmental Authority alleging that the Real Property is in violation of any Environmental Law, and no claim based on any Environmental Law has been asserted to Seller in writing in the past or is currently pending or, to the Knowledge of Seller, threatened, with respect to any Real Property.

4.8.2. Seller has provided Buyer with complete and correct copies of (a) all studies, reports, surveys or other materials in Seller's possession or to

which Seller has access relating to the actual or alleged presence, use, generation, release or disposal of Hazardous Substances at, on, under or affecting the Real Property, (b) all notices or other materials in Seller's possession or to which Seller has access that were received from any Governmental Authority respecting any Environmental Laws relating to the current or past ownership, use or operation of the Real Property or activities at the Real Property and (c) all notices and other materials in Seller's possession or to which Seller has access relating to any litigation or claim relating to the Real Property or other Assets or concerning any Environmental Law.

4.9. Compliance with Legal Requirements. Except as set forth on SCHEDULE 4.9:

4.9.1. The ownership, leasing and use of the Assets as they are currently owned, leased and used, and the conduct of the Business as it is currently conducted, do not violate or infringe in any material respect any Legal Requirements currently in effect (other than Legal Requirements described in Section 4.9.4, as to which the representations and warranties set forth in that subsection will exclusively apply). Seller has not received any notice of, and Seller has no Knowledge of, any basis for the allegation of any such violation or infringement.

4.9.2. A valid request for renewal has been duly and timely filed under Section 626 of the Communications Act with the proper Governmental Authority with respect to all Franchises that have expired prior to, or will expire within 30 months after, the date of this Agreement. Seller has not received notice from any Governmental Authority that it has determined or intends to deny renewal of any Franchise to which Seller is a party.

4.9.3. Seller has complied, and the Business is in material compliance with the Communications Act and the rules and regulations of the FCC, including all regulatory filings required thereunder and the technical standards set forth in Part 76, Subpart K, and with Section 111 of the U.S. Copyright Act of 1976 and the applicable rules and regulations of the U.S. Copyright Office and the Register of Copyrights, including the filing of all required Statements of Account with respect to each System since Seller's acquisition of such System.

4.9.4. Notwithstanding the foregoing and except as specifically limited herein, to Seller's Knowledge, each System is in compliance with the provisions of the Communications Act and FCC regulations, including provisions pertaining to signal leakage, utility pole make ready, grounding and bonding of cable television systems (in each case as the same is currently in effect). Seller has complied with the must carry, retransmission consent, and commercial leased access provisions of the Communications Act and FCC regulations as they relate to the Systems. Seller has used commercially reasonable good faith efforts to establish rates charged to subscribers, effective since September 1, 1993, that

would be allowable under the Communications Act, and rules and regulations promulgated by the FCC, and any authoritative interpretation thereof now or then in effect, whether or not such rates were subject to regulation at that date by any Governmental Authority, including any state regulatory agency, local franchising authority and the FCC. Notwithstanding the foregoing, Seller makes no representation or warranty that either the rates charged to subscribers of the Systems would be allowable under any rules and regulations of the FCC or any authoritative interpretation thereof, promulgated after the Closing Date.

4.9.5. All necessary FAA approvals have been obtained and all necessary FCC tower registrations have been filed with respect to the height and location of towers used in connection with the operation of the Systems, and such towers are being operated in compliance in all material respects with applicable FCC and FAA rules.

4.10. Patents, Trademarks and Copyrights. To the Knowledge of Seller, the operation of the Business as currently conducted does not violate or infringe upon the rights of any Person in any copyright, trademark, service mark, patent, license, trade secret or similar intellectual property right.

4.11. Financial Statements. Seller has delivered to Buyer correct and complete copies of its unaudited balance sheets and unaudited statements of operations for the Systems as of and for the periods ended December 31, 1999 and December 31, 2000 (the "Financial Statements"). The Financial Statements are in accordance with the books and records of Seller and fairly present, in all material respects, Seller's financial position and results of operations as of the dates and for the periods indicated, subject to normal year-end adjustments, allocations and accruals (none of which are deemed to be material to the operating cash flow of Seller). The Financial Statements reflect the fully allocated costs of operating the Systems, including all employee costs associated with operating the Systems. The Financial Statements have been prepared in accordance with GAAP, applied on a consistent basis throughout the periods covered thereby, except that they do not (a) reflect income taxes, (b) contain a statement of cash flows, (c) contain footnotes, or (d) fully reflect the allocation of AT&T Corp.'s purchase price to acquire Tele-Communications, Inc. for the 1999 period. Such purchase price allocations would primarily affect franchise costs, property and equipment, depreciation and amortization.

4.12. Absence of Certain Changes. Except as disclosed on SCHEDULE 4.12, since December 31, 2000: (a) no event or circumstance has occurred which, individually or in the aggregate, would reasonably be expected to have a Material Adverse Effect; (b) Seller has operated the Business only in the usual, regular and ordinary course; and (c) there has been no sale, assignment or transfer of any material Assets, or any theft, damage, removal, destruction or casualty loss of any material property. As of the date of this Agreement, since December 31, 2000, there has been no material change in accounting principles

or practices with respect to the Business or revaluation by Seller of the Assets for financial reporting, property tax or other purposes.

4.13. Legal Proceedings. Except as disclosed on SCHEDULE 4.13, (a) there is no judgment or order outstanding, or any action, suit, complaint, proceeding or investigation by or before any Governmental Authority or any arbitrator pending, or to Seller's Knowledge, threatened, involving or affecting all or any part of the Business or Seller, except as would not reasonably be expected to materially adversely affect the Systems or the Business; (b) there are no claims, actions, suits, proceedings or investigations pending or, to Seller's Knowledge, threatened, by or before any Governmental Authority, or any arbitrator, by, against, affecting or relating to Seller which, if adversely determined, would restrain or enjoin the consummation of the transactions contemplated by this Agreement or declare unlawful the transactions or events contemplated by this Agreement or cause any of such transactions to be rescinded; and (c) there are no current rate proceedings, must-carry complaints or other actions, suits, complaints, proceedings or investigations pending against Seller alleging noncompliance by the Systems of any Franchise or License.

4.14. Tax Returns; Other Reports. Seller has duly and timely filed all federal, state, local and foreign Tax returns and other Tax reports required to be filed by Seller, and has timely paid all Taxes which have become due and payable, whether or not so shown on any such return or report, the failure of which to be filed or paid could adversely affect or result in the imposition of an Encumbrance upon the Assets or create any transferee or other liability upon Buyer, except such amounts as are being contested diligently and in good faith. Except as disclosed on SCHEDULE 4.14, Seller has received no notice of, nor does Seller have any Knowledge of, any deficiency, assessment or audit, or proposed deficiency, assessment or audit from any taxing Governmental Authority which could affect or result in the imposition of an Encumbrance upon the Assets or create any transferee or other liability upon Buyer. Except as disclosed on SCHEDULE 4.14, the Assets are not subject to any joint venture, partnership or other arrangement or contract which is treated as a partnership for Federal Income tax purposes.

4.15. Employment Matters.

4.15.1. Seller has complied in all material respects with all applicable Legal Requirements relating to the employment of labor, including the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), continuation coverage requirements with respect to group health plans, and those relating to wages, hours, collective bargaining, unemployment insurance, worker's compensation, equal employment opportunity, discrimination, immigration control and the payment and withholding of Taxes.

4.15.2. For purposes of this Agreement, "Seller Plans" means (a) each employee benefit plan (as defined in Section 3(3) of ERISA), other than

any defined benefit plan subject to Title IV of ERISA or any multiemployer plan (as defined in Section 3(37) of ERISA), which is sponsored or maintained by Seller or its ERISA Affiliates or to which Seller contributes, and which benefits System Employees, or (b) each multiemployer plan (as defined in Section 3(37) of ERISA) or defined benefit plan subject to Title IV of ERISA sponsored or maintained by Seller or any of Seller's ERISA Affiliates or to which Seller or any of its ERISA Affiliates is obligated to contribute. The Seller Plans in which any System Employee participates are disclosed on SCHEDULE 4.15.2. None of Seller, any Seller Plan other than a multiemployer plan (as defined in Section 3(37) of ERISA), or, to the Knowledge of Seller, any Seller Plan that is a multiemployer plan (as defined in Section 3(37) of ERISA), is in material violation of any provision of ERISA or the Code for which Buyer will have any liability after the Closing Date. No (i) "reportable event" described in Sections 4043(c)(1), (2), (3), (5), (6), (7), (10) and (13) of ERISA, (ii) non-exempt "prohibited transaction" (as defined in Section 406 of ERISA or Section 4975 of the Code), (iii) "accumulated funding deficiency" (as defined in Section 302 of ERISA) or (iv) "withdrawal liability" (as determined under Section 4201 et seq. of ERISA) has occurred or exists and is continuing with respect to any Seller Plan. "ERISA Affiliate" means, as to any Person, any trade or business, whether or not incorporated, which together with such Person would be deemed a single employer as determined under Section 4001 of ERISA. There are no Liens against the Assets under Section 412(n) of the Code or Sections 302(f) or 4068 of ERISA. At the Closing, Buyer will have no obligation to contribute to, or any liability in respect of, any Seller Plan, or any similar employment, severance or other arrangement or policy (whether written or oral) providing for insurance coverage (including self-insured arrangements), workers' compensation, disability benefits, supplemental unemployment benefits, vacation benefits (except as provided in this Agreement), fringe benefits or retirement benefits, or for profit sharing, deferred compensation, bonuses, stock options, stock appreciation or other forms of incentive compensation or post-retirement insurance, compensation or benefits, sponsored or maintained by Seller or any of its ERISA Affiliates, or to which Seller or any of its ERISA Affiliates is obligated to contribute.

4.15.3. Except as disclosed on SCHEDULE 4.15, as of the date of this Agreement, no collective bargaining agreements are applicable to any System Employee and Seller has no duty to bargain with any labor organization with respect to any System Employees. None of the collective bargaining agreements applicable to any System Employee require Seller to impose the collective bargaining agreement upon Buyer. Except as disclosed on SCHEDULE 4.15, as of the date of this Agreement, there are not pending, or to Seller's Knowledge, threatened, any labor disputes, unfair labor practice charges, material labor arbitration proceedings or labor grievances against Seller, any demand for recognition or any other request or demand from a labor organization for representative status with respect to any System Employee. Except as disclosed on SCHEDULE 4.15, Seller has no employment agreements, either written or oral, with any System Employee. Except as disclosed on SCHEDULE 4.15, there

are no work stoppages, strikes or other concerted activities by employees of Seller pending, or to Seller's Knowledge, threatened against Seller.

4.16. System Information. With respect to each of the Systems, disclosed on SCHEDULE 4.16 are (a) the approximate number of plant miles (aerial and underground) for the System, (b) the minimum bandwidth capability, channel capacity and two-way capability of each headend, (c) the stations and signals carried by the System and (d) the channel position of each such signal and station (including a designation of which broadcast stations are distributed pursuant to a retransmission consent and which are distributed pursuant to a must-carry election), which information is true and correct in all material respects, in each case as of the applicable dates specified therein and subject to any qualifications set forth therein. Also disclosed on SCHEDULE 4.16 are the approximate number of homes passed by the System, and the number of subscribers of the System as of the applicable dates and calculated pursuant to the methodology specified therein. Seller has delivered to Buyer information on the channel lineups and the monthly rates charged for each class of service for the Systems (including installation charges), which information is true and correct in all material respects, in each case as of the applicable dates specified therein and subject to any qualifications set forth therein.

4.17. Finders and Brokers. Other than Daniels & Associates (whose fees will be paid by Seller), Seller has not employed any financial advisor, broker or finder or incurred any liability for any financial advisory, brokerage, finder's or similar fee or commission in connection with the transactions contemplated by this Agreement for which Buyer could be liable.

4.18. Disclosure. Any item required to be disclosed on more than one Schedule to this Agreement will be deemed properly disclosed on another Schedule if it is disclosed on any Schedule to this Agreement, as long as such disclosure includes an appropriate cross-reference or it is reasonably apparent from the face and context of the item disclosed that it should be disclosed on such other Schedule.

5. BUYER'S REPRESENTATIONS AND WARRANTIES.

Buyer represents and warrants to Seller, as of the date of this Agreement and as of the Closing, as follows:

5.1. Organization and Qualification. Buyer is a limited partnership duly organized, validly existing and in good standing under the laws of California and has all requisite power and authority to carry on its business as currently conducted and to own, lease, use and operate its assets. Buyer is duly qualified to do business and is in good standing under the laws of each jurisdiction in which the character of the properties owned, leased or operated by it or the nature of the activities conducted by it makes such qualification necessary.

5.2. Authority and Validity. Buyer has all requisite power and authority to execute and deliver, to perform its obligations under, and to consummate the transactions contemplated by, this Agreement and the Transaction Documents. The execution and delivery by Buyer of, the performance by Buyer of its obligations under, and the consummation by Buyer of the transactions contemplated by, this Agreement and the Transaction Documents to which Buyer is a party have been duly authorized by all requisite entity action. This Agreement is, and when executed and delivered by Buyer, the Transaction Documents will be, the valid and binding obligations of Buyer, enforceable in accordance with their respective terms, except insofar as enforceability may be limited or affected by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws now or hereafter in effect affecting creditors' rights generally or by principles governing the availability of equitable remedies.

5.3. No Conflicts; Required Consents. Subject to the receipt of any consent or the expiration or termination of the applicable waiting period under the HSR Act, and assuming the Required Consents have been obtained, the execution and delivery by Buyer, the performance of Buyer under, and the consummation by Buyer of the transactions contemplated by, this Agreement and the Transaction Documents to which Buyer is a party do not and will not: (a) violate any provision of the organizational documents of Buyer; (b) violate any material Legal Requirement; or (c) require any consent, waiver, approval or authorization of, or any filing with or notice to, any Person.

5.4. Finders and Brokers. Buyer has not employed any financial advisor, broker or finder or incurred any liability for any financial advisory, brokerage, finder's or similar fee or commission in connection with the transactions contemplated by this Agreement for which Seller could be liable.

5.5. Legal Proceedings. There are no claims, actions, suits, proceedings or investigations pending or, to Buyer's knowledge, threatened, by or before any Governmental Authority, or any arbitrator, by, against, affecting or relating to Buyer which, if adversely determined, would restrain or enjoin the consummation of the transactions contemplated by this Agreement or declare unlawful the transactions or events contemplated by this Agreement or cause any of such transactions to be rescinded.

6. ADDITIONAL COVENANTS.

6.1. Access to Premises and Records. Between the date of this Agreement and the Closing Date, upon reasonable advance notice from Buyer to Seller, Seller will give Buyer and its representatives reasonable access during normal business hours to all the premises and the Books and Records of the Business, to all the Assets, to the general managers of the Systems, and to other AT&T corporate personnel to the extent reasonably necessary to effect a transition of the operations of the Systems to Buyer following the Closing, and will furnish to Buyer and its representatives all information regarding the

Business, the Assets and, to the extent reasonably necessary to effect any transition with respect to any Excluded Assets, the Excluded Assets, as Buyer may from time to time reasonably request. No investigation will affect or limit the scope of any of the representations, warranties, covenants and indemnities of the other in this Agreement or in any Transaction Document or limit liability for any breach of any of the foregoing. Buyer will use commercially reasonable efforts to give Seller prompt notice of Buyer's discovery of any event or condition that could constitute such a breach. All requests for access to AT&T corporate personnel will be made to Patty Conroy, at 303-858-3609.

6.2. Continuity and Maintenance of Operations; Financial Statements. Except as Buyer may otherwise consent in writing (which consent, when requested in connection with any conduct described in Sections 6.2.1, 6.2.2, 6.2.3 or 6.2.7, will not be withheld unreasonably), until the Closing:

6.2.1. Seller will conduct the Business in good faith and operate the Systems only in the ordinary course consistent in all material respects with past practices, and will use commercially reasonable efforts, to the extent consistent with such conduct and operation, to (a) preserve the Business intact, including preserving existing relationships with franchising authorities, suppliers, customers and others having business dealings with Seller relating to the Business and (b) keep available the services of the System Employees (but will be under no obligation to incur any costs in addition to what Seller is currently incurring to do so).

6.2.2. Seller will maintain the Assets in good repair, order and condition (ordinary wear and tear excepted), will maintain Equipment and inventory for the Systems at normal historical levels consistent with past practices (as adjusted to account for abnormally high inventory levels related to construction activity), will maintain in full force and effect, policies of insurance with respect to the Business in such amounts and covering such risks as customarily maintained by operators of cable television systems of similar size and geographic location as the Systems, and will maintain its books, records and accounts in the ordinary manner on a basis consistent with past practices. Seller will (a) only report and write off accounts receivable in accordance with past practice, (b) withhold and pay when due all Taxes relating to System Employees, the Assets or the System, (c) maintain service quality of the Systems at a level at least consistent with past practices, (d) file with the FCC all reports required to be filed under applicable FCC rules and regulations, and (e) comply in all material respects with all Legal Requirements with respect to the Systems. Seller will (x) undertake capital programs contemplated by the System's capital budget, (y) exercise good faith efforts to expend the amount described on its capital budget in accordance with the categories described with respect to each such capital program and (z) undertake capital programs reasonably requested by Buyer, provided that such requests do not, in the aggregate, require capital expenditures in excess of $10,000,000, and would not reasonably be expected to

cause Seller to breach any Contract by which it is bound or any Legal Requirement or hinder or delay the Closing.

6.2.3. Seller will not, except as disclosed on SCHEDULE 6.2: (a) sell, transfer or assign any portion of the Assets other than sales in the ordinary course of business; (b) modify, terminate, renew (other than in the ordinary course or as required by this Agreement) suspend or abrogate any Franchises, Licenses or material Contracts (other than those constituting Excluded Assets); (c) enter into any non-ordinary course Contract or commitment involving an expenditure in excess of $50,000 individually, or $500,000 in the aggregate, other than Contracts or commitments which are cancellable on 30 days' notice or less without penalty and other than as contemplated by this Agreement; (d) modify its procedures for disconnection and discontinuation of service to subscribers whose accounts are delinquent; (e) except in accordance with an AT&T-wide plan or program (in which case Seller will give prior notice to Buyer) increase the compensation or materially change any benefits (other than severance benefits) available to System Employees, except as required pursuant to existing written agreements, or in the ordinary course of business consistent with past practice; (f) create, assume or permit to exist any Encumbrance (other than Permitted Encumbrances) on any of the Assets, other than any Encumbrance which will be released at or prior to the Closing; (g) make any Cost of Service Election; (h) enter into any agreement with or commitment to any competitive access provider and/or local exchange company or any internet access or on-line services provider with respect to the use or lease of any of the Assets; (i) enter into any collective bargaining agreement covering the System Employees who are not now covered by a collective bargaining agreement or enter into any new bonus, stock option, profit sharing, compensation, pension, welfare, retirement, employment or similar agreement that would create any liability to Buyer after the Closing Date, except where required by any Legal Requirement; (j) decrease the rate charged for any level of Basic Services, Expanded Basic Services or any Pay TV, except to the extent required by any Legal Requirement or, except as expressly permitted by SCHEDULE 6.2 or in connection with any rebuild, add, delete, retier or repackage any analog programming services, in each case except to the extent required under the 1992 Cable Act or any other Legal Requirement; provided, however, that if rates are decreased in order to so comply, Seller will provide Buyer with copies of any FCC forms (even if not filed with any Governmental Authority) used to determine that the new rates were required; (k) engage in any marketing, subscriber installation, collection or disconnection practices outside the ordinary course of business or inconsistent with past practice; (l) enter into, modify or amend any Contract for any fiber or fiber capacity lease or use arrangements; (m) offer telephony or related services in Systems where such services are not offered as of the date of this Agreement; or (n) convert any of the Systems to any billing system or otherwise change billing arrangements for any of the Systems.

6.2.4. Seller will deliver to Buyer true and complete copies of any monthly and quarterly financial statements and operating reports with respect to

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the Business which are prepared by or for Seller in the ordinary course of business at any time between the date of this Agreement and the Closing Date, including System level and consolidated state level expanded and detailed statements of operating income and cash flow with respect to the Business. Seller will further promptly deliver to Buyer any other reasonable financial information related to the Systems requested by Buyer. Prior to Closing, Seller will provide prompt notice to Buyer of any change in accounting principles or practices with respect to the Business or revaluation by Seller of the Assets for financial reporting, property tax or other purposes.

6.2.5. Within 30 days after the date of this Agreement, or with respect to items that are prepared, filed or received by Seller after the date hereof, within 5 Business Days after the date of preparation, filing or receipt, Seller will provide to Buyer true and complete copies of each of the following items (unless previously provided):

(i) each Franchise and License related to the Systems;

(ii) all pending applications relating to any Franchise or License pending before any Governmental Authority;

(iii) a list setting forth the expiration date of all Franchises, Licenses, Authorizations and permits listed on SCHEDULE 4.5;

(iv) any pending notice received from any Governmental Authority that it has determined or intends to terminate, modify or deny renewal of any Franchise to which Seller is a party;

(v) all pending requests for renewal with respect to any Franchise filed under Section 626 of the Communications Act;

(vi) any relevant documentation supporting an exemption from the rate regulation provisions of the 1992 Cable Act claimed by Seller with respect to the Systems;

(vii) the most recent applicable FCC Forms 328, 329, 393, 1200, 1205, 1210, 1215, 1220, 1235 and 1240 and other FCC rate forms (collectively, the "FCC Rate Forms"), if any, filed with any Governmental Authority with respect to any of the Systems;

(viii) all historical FCC Rate Forms filed with any Governmental Authority with respect to any of the Systems where there is a rate issue pending (including any accounting order or rate order on appeal);

(ix) all other reports, filings and correspondence made or filed with the FCC or pursuant to the FCC rules and regulations filed after the date which is one year prior to the date of this Agreement;

(x) all complaints, petitions, answers, responses and other filings made with or by any Governmental Authority in connection with any rate orders issued by such Governmental Authority or any appeal therefrom with respect to any Franchise or any System;

(xi) all documentation relating to any System with respect to the carriage of broadcast signals under current must-carry and retransmission consents;

(xii) any social contract entered into with the FCC in respect of any System with regard to rate regulation, subscriber refunds and other matters;

(xiii) all reports, filings and correspondence with respect to any System made or filed with the U.S. Copyright Office or pursuant to the U.S. Copyright Office rules and regulations on or after the date which is three years prior to the date of this Agreement;

(xiv) a schedule setting forth the ownership, height (with and without appurtenances), location (address, latitude, longitude and ground elevation), structure type and FCC call signs of each tower used in connection with the operation of the Systems;

(xv) all available Federal Aviation Administration ("FAA") final determinations (if applicable) and FCC registrations for all such towers;

(xvi) all Contracts and Real Property agreements related to the Systems;

(xvii) a list of all headends, Franchises and unfranchised communities indicating the number of basic subscribers served in each; and

(xviii) a schedule setting forth (i) the cities, towns, villages, boroughs and counties served by each system; (ii) the approximate number of single family and residential and commercial MDUs passed by each Franchise and System; and (iii) the FCC CUID numbers for each Franchise.

6.2.6. Each month, Seller will deliver to Buyer, a schedule indicating the then current status of the Required Consents marked with an asterisk on SCHEDULE 4.3 and what action has been taken by Seller with respect to obtaining such Required Consents. Beginning 60 days after the date of this Agreement, Seller will provide weekly updates (by telephone, electronic mail or in writing) to Buyer regarding the status of such Required Consents.

6.2.7. Seller will use its commercially reasonable efforts to challenge and contest any litigation brought against or otherwise involving Seller that could result in the imposition of Legal Requirements that could cause the conditions to the Closing not to be satisfied, or to settle such litigation. Seller

will not, without Buyer's consent, enter into any settlement of any litigation that will bind Buyer or any System to any material obligation following the Closing, impose any liability on Buyer following the Closing, or otherwise breach any representation or covenant contained in this Agreement.

6.2.8. Seller will cause its appropriate Affiliates to be bound by and comply with the provisions of this Section 6.2 to the extent such Affiliates own, operate or manage any of the Assets or Systems.

6.2.9. In the event that Seller is notified of any proposal with respect to the creation, deletion or modification of any so called "open access" provision that would be applicable to any System, whether imposed by a Franchise, state or local law, or state or local regulation, mandating that the franchisee permit one or more Internet service providers that are not affiliated with the franchisee to offer service over the franchisee's System facilities, Seller will provide Buyer with notice of such proposal, will provide Buyer with information regarding such proposal as Buyer reasonably requests, and will permit Buyer to provide input to AT&T regarding AT&T's negotiations and discussions with respect to such proposal.

6.3. Employee Matters.

6.3.1. Except as set forth in this Section 6.3.1, Buyer may, but will have no obligation to, employ or offer employment to, any or all System Employees. Within 30 days after the date of execution of this Agreement, Seller will provide to Buyer a schedule of all System Employees by work location as of a recent date, showing the original hire date, the then-current positions and rates of compensation, rate type (hourly or salary) and scheduled hours per week, and whether the employee is subject to an employment agreement, a collective bargaining agreement or represented by a labor organization (the "System Employee Schedule"). Buyer will maintain the System Employee Schedule in strict confidence. The System Employee Schedule will be updated as necessary to reflect new hires or other personnel changes. Within 60 days after receipt of the System Employee Schedule, or such other date as the parties may agree, Buyer will provide Seller in writing a schedule of the System Employees Buyer will offer to employ following the Closing (the "Offer/No Offer Schedule"), subject only to the pre-hire evaluations permitted by this Section 6.3.1. Buyer will provide in writing notification of such offer, subject only to the pre-hire evaluations permitted by this Section 6.3.1, to each System Employee included on the Offer/No Offer Schedule no later than 30 days prior to the Closing. Seller agrees, and will cause its appropriate Affiliates, to cooperate in all reasonable respects with Buyer to allow Buyer or its Affiliates to evaluate its System Employees to make hiring decisions. In this regard, Buyer will have the opportunity to make such appropriate pre-hire investigation of the System Employees, as Buyer deems necessary, including the right to review personnel files and the right to interview such employees during normal working hours so long as such interviews are conducted after notice to Seller and do not

unreasonably interfere with Seller's operations and such investigations and interviews do not violate any Legal Requirement. Seller agrees, and will cause its appropriate Affiliates, to cooperate in all reasonable respects with Buyer to allow Buyer or its Affiliates to evaluate its System Employees to make hiring decisions so long as Buyer provides notice to Seller and such evaluation does not unreasonably interfere with Seller's operations and such evaluations do not violate any law or Contract. All offers for initial employment with Buyer will be for employment with substantially similar responsibilities at a geographic location within a 35-mile radius of such System Employee's primary place of employment and same base compensation such System Employee is receiving as of the Closing Date. Seller acknowledges that nothing in this Agreement will restrict Buyer from changing a Hired Employee's job description, responsibilities, location, salary or benefits following the Closing. To the extent consent is required by applicable law, Seller will use good faith efforts to obtain the consent of each of its System Employees to allow Buyer to review personnel files in connection with the foregoing. Buyer or its Affiliates may, if it wishes, condition any offer of employment upon the employee's passing a pre-employment drug screening test, the completion of a satisfactory background check and, if the employee is on Approved Leave of Absence, upon the employee's return to active service (with or without reasonable accommodations) within 12 weeks after the Closing Date or, if earlier, on the first Business Day following expiration of the employee's Approved Leave of Absence. For purposes of this Agreement, employees on "Approved Leave of Absence" means employees absent from work on the Closing Date and unable to perform their regular job duties by reason of illness or injury under approved plans or policies of the employer (other than employee's absence for less than five days due to short term illness or injury not requiring written approval by the employer) or otherwise absent from work under approved or unpaid leave policies of the employer. Buyer will bear the expense of such examination but Seller will, upon reasonable notice, cooperate in the scheduling of such examinations so long as the examinations do not unreasonably interfere with Seller's operations. The selection of employees to be offered employment by Buyer will be made at the sole and absolute discretion of Buyer. As of the Closing Date, Buyer will have no obligation to Seller, its Affiliates or to the Seller's employees, with regard to any employee it has determined not to hire. As of the Closing Date, Seller will, and will cause its appropriate Affiliates to, terminate the employment of all System Employees that are hired by Buyer or its Affiliates (the "Hired Employees") as of the Closing Date. Notwithstanding any of the foregoing, from the date hereof until the Closing, and other than in connection with offers of employment to such employees to take effect at the Closing, Buyer agrees not to solicit for employment prior to the Closing (other than through general advertisements), without the written consent of the other, any System Employee.

6.3.2. As of the Closing Date, Seller will be responsible for and will cause to be discharged and satisfied in full or, with respect to Seller Plans, will have adequately funded or reserved for, all amounts due and owing to each System Employee (whether or not such employees are hired by Buyer as of or

after the Closing) with respect to and in accordance with the terms of all compensation plans or Seller Plans, including without limitation, any compensation including salaries, commissions, deferred compensation, severance (if applicable), insurance, pension, profit sharing, disability payment, medical, sick pay, holiday, accrued and unused vacation in excess of the amount Buyer assumes pursuant to this Section, payments under any incentive compensation or bonus agreement, in each case, which has accrued on or prior to the Closing Date and other compensation or benefits to which they are entitled for periods prior to the Closing Date (and, for Employees on Approved Leave of Absence, until their termination by Seller, or its appropriate Affiliate, or their employment by Buyer, or its appropriate Affiliate, as set forth in Section 6.3.1). Seller will satisfy any legal obligation with respect to continuation of group health coverage required pursuant to Section 4980B of the Code or Section 601, et seq., of ERISA with respect to all System Employees whose employment with Seller or any of Seller's ERISA Affiliates terminates on or before the Closing Date. Any liability under the Worker Adjustment and Retraining Notification Act, 29 U.S.C. Section 2101, et seq. ("WARN") with regard to any employee terminated on or prior to the Closing Date, or not hired by Buyer on or after the Closing Date, will, as a matter of contract between the parties, be the responsibility of Seller. Buyer will cooperate with Seller and Seller's Affiliates, if requested, in the giving of WARN notices on behalf of the other party.

6.3.3. Buyer and Seller hereby acknowledge and agree that, pursuant to the authority of Revenue Ruling 2000-27, the transactions contemplated by this Agreement will result in a permissible distribution event under Section 401(k) of the Code from any Seller Plan designed to satisfy the requirements of Section 401(k) of the Code.

6.3.4. Except as otherwise expressly provided pursuant to the terms of this Agreement, Buyer will not have or assume any obligation or liability under or in connection with any Seller Plan. In regard to any System Employee on an Approved Leave of Absence, such responsibility for benefit coverage of such System Employee, and liability for payment of benefits, will remain that of Seller, or the appropriate Affiliate of Seller, until such employee becomes an employee of the Buyer after the Closing pursuant to Section 6.3.1 or is terminated by Seller or its appropriate Affiliate. For purposes of this Agreement, the following claims and liabilities will be deemed to be incurred as follows: (i) medical, dental and/or prescription drug benefits upon the rendering of the medical, dental, pharmacy or other services giving rise to the obligation to pay such benefits except with respect to such benefits provided in connection with a continuous period of hospitalization, which will be deemed to be incurred at the time of admission to the hospital; (ii) life, accidental death and dismemberment and business travel accident insurance benefits and workers' compensation benefits, upon the occurrence of the event giving rise to such benefits; and (iii) salary continuation or other short-term disability benefits, or long-term disability, upon commencement of the disability giving rise to such benefit.

6.3.5. (a) Notwithstanding anything to the contrary herein, Buyer will:

(i) upon receipt of a schedule showing the vacation balances and value of such balances of each Hired Employee (as defined below), which schedule will be delivered by Seller to Buyer within 10 days after the Closing, credit each Hired Employee the amount of vacation time (but not sick time) permitted to be accrued by employees of Buyer in accordance with Buyer's standard practices (to a maximum of four weeks) accrued and unused by him or her as a System Employee through and including the Closing Date to the extent Buyer has received an adjustment to the Purchase Price therefor; provided, however, that if any Hired Employee has accrued vacation time in excess of the amount transferred to Buyer, then Seller will, and will cause its appropriate Affiliate to, pay to such employee the amount of such excess and Buyer will not assume any liability or obligation in respect of such excess;

(ii) give each Hired Employee credit for such employee's past service with Seller and its Affiliates as of the Closing Date as reflected on the System Employee Schedule (which may include past service with any prior owner or operator of the Systems) ("Past Service") for purposes of eligibility to participate in Buyer's employee welfare benefit (including medical, dental, flexible spending accounts, accident, life insurance plans and programs, disability plans, and other employee welfare benefits) plans (the "Buyer's Welfare Plans") that are generally available to similarly situated employees of Buyer and such employees' dependents;

(iii) give each Hired Employee credit for such employee's Past Service for purposes of participation and vesting under Buyer's employee 401(k) plan, provided that Buyer will not be obligated to establish a special entry date under such plan for Hired Employees;

(iv) give each Hired Employee credit for such employee's Past Service with Seller and its Affiliates as of the Closing Date for any waiting periods under Buyer's Welfare Plans that are generally available to similarly situated employees of Buyer and except to the extent any Hired Employees were subject to any limitations on benefits for any preexisting conditions or requirements for evidence of insurability under Seller's Plans, not subject any Hired Employees to such limitations, provided that the treatment is covered under Buyer's group health plans; and

(v) credit each Hired Employee under any Buyer group health plan for any deductible amount and out of pocket expenses and similar limits applicable and previously met by such Hired Employee as of the Closing Date under any of the group health plans of Seller or its Affiliates for the plan year in which the transfer of employment occurs.

(b) Notwithstanding anything set forth in Section 6.3.5(a), Buyer will have no obligation to System Employees who are Employees on Approved Leave of Absence until they become employees of Buyer pursuant to Section 6.3.1 hereof.

6.3.6. If Buyer discharges any Hired Employee without cause within 90 days after the Closing Date, then Buyer will pay severance pay to such Hired Employee in accordance with Seller's severance benefit plan in effect as of the Closing, taking into account such Hired Employee's Past Service as well as such Hired Employee's period of employment with Buyer for purposes of calculating severance pay under such plan. Seller will reimburse Buyer upon request if and to the extent such severance pay exceeds the severance pay that would have been payable under Seller's severance benefit plan in effect as of the date of this Agreement. Following such 90-day period, each Hired Employee will be covered under the Buyer's severance benefit plan and Buyer will count the period of employment with Buyer as well as such Hired Employee's Past Service for purposes of calculating benefits under such plan. For purposes of this Agreement, "cause" means (a) conviction (including a plea of guilty or nolo contendere) of a crime involving theft, fraud, dishonesty or moral turpitude, (b) intentional or grossly negligent disclosure of confidential or trade secret information of Buyer (or any of its Affiliates) to anyone who is not entitled to receive such information; (c) gross omission or gross dereliction of any statutory or common law duty of loyalty to Buyer or any of its Affiliates; (d) willful violation of Buyer's code of conduct or other written policies or procedures; or (e) repeated failure to carry out the duties of the employee's position despite specific instruction to do so.

6.3.7. If Seller has, or acquires, a duty to bargain with any labor organization with respect to any of System Employees, then Seller will (i) give prompt written notice of such development to Buyer, including notice of the date and place of any negotiating sessions as they are planned or contemplated and permit Buyer to have a representative present at all negotiating sessions with such labor organization and at all meetings preparatory thereto (including making Buyer's representative a representative of Seller's delegation if required by the labor organization), and (ii) not, without Buyer's written consent, enter into any contract with such labor organization that purports to bind Buyer, including any successor clause or other clause that would have this purpose or effect. Seller acknowledges and agrees that Buyer has not agreed to be bound, and will not be bound, without an explicit assumption of such liability or responsibility by Buyer, by any provision of any collective bargaining agreement or similar contract with any labor organization to which Seller or any its Affiliates is or may become bound. Except as may be required on the part of Seller or its Affiliates by operation of law or under the Neutrality and Consent Agreement effective July 1, 1999 by and among CWA, IBEW and certain business operating units and divisions of AT&T Corp. and modified effective May 10, 2000, and September 21, 2000 (as so modified, the "NCE Agreement") (a true, correct and complete copy of which, including modifications, has been

provided to Buyer), and then only upon written notice to Buyer of any proposed action or non-action and after consultation in good faith with Buyer, Seller will take no action or engage in any inaction which might obligate or require Buyer to recognize or bargain with any labor organization on behalf of Systems Employees. Nothing in this Section 6.3.7 will be deemed a waiver of Seller's attorney-client privilege.

6.3.8. Nothing in this Section 6.3 or elsewhere in this Agreement will be deemed to make any employee of Seller a third party beneficiary of this Agreement.

6.4. Leased Vehicles; Other Capital Leases. Seller will pay the remaining balances on any leases for vehicles or capital leases included in the Equipment and will deliver title to such vehicles and other Equipment free and clear of all Encumbrances (other than Permitted Encumbrances) to Buyer at the Closing.

6.5. Consents.

6.5.1. Prior to the Closing, Seller will use commercially reasonable efforts to obtain in writing, as promptly as possible and at its expense, all the Required Consents, in form and substance reasonably satisfactory to Buyer and will deliver to Buyer copies of such Required Consents after they are obtained by Seller; provided, that Seller will use a form of letter or application prepared by Buyer (subject to reasonable review and comment by Seller); provided that in no event will Seller request the consent of any Third Party or Affiliate later than 45 days following the date hereof. All documents delivered or filed with any Governmental Authority or any Person by or on behalf of Seller pursuant to this Section 6.5, when so delivered or filed, will be correct, current and complete in all material respects. Buyer will cooperate with Seller to obtain all Required Consents, but Buyer will not be required to accept or agree or accede to any modifications or amendments to, or changes in, or the imposition of any condition to the transfer to Buyer of any Contract, Franchise or written instrument evidencing Real Property that are not reasonably acceptable to Buyer. Prior to the Closing, Seller will (i) use commercially reasonable efforts to give any notices required by the terms of the Contracts, Franchises, Real Property agreements and Licenses to be given prior to Closing and (ii) cooperate in good faith with Buyer in connection with requests for consents (other than Required Consents) required by the terms of the Contracts, Franchises, Real Property agreements and Licenses to be obtained. Notwithstanding the foregoing, Buyer will comply with the reasonable requests of Seller and, to the extent required, negotiate in good faith with any Third Party, as commercially reasonable for Seller to assign to Buyer in part the rights and obligations under any master Contract disclosed on SCHEDULE 4.6.

6.5.2. Notwithstanding the provisions of Section 6.5.1, Seller will not have any further obligation to obtain Required Consents: (a) with respect to

Contracts relating to pole attachments where the licensing party will not, after Seller's exercise of commercially reasonable efforts, consent to an assignment of such Contract but requires that Buyer enter into a new agreement with such licensing authority, in which case Buyer will use its commercially reasonable efforts to negotiate such an agreement prior to (but contingent on) the Closing or as soon as practicable thereafter and Seller will cooperate with and assist Buyer in obtaining such agreements; (b) for any business radio license which Seller reasonably expects can be obtained within 120 days after the Closing and so long as such business radio license is eligible for automatic special temporary authorization under FCC rules with respect thereto; and (c) with respect to leased Real Property, if Seller obtains and makes operational prior to Closing substitute leased Real Property that is reasonably satisfactory to Buyer and on terms reasonably satisfactory to Buyer.

6.5.3. If and to the extent that Seller fails to obtain all Required Consents identified with an asterisk (*) on SCHEDULE 4.3 (except Required Consents for the transfer of Franchises which will be governed by Section 6.5.4) on or prior to the Closing (whether or not Buyer will have waived satisfaction of the condition to Closing set forth in Section 7.2.4), then, for a period of 15 months following the Closing, Seller with respect to such Systems and Assets will continue to use commercially reasonable efforts to obtain in writing as promptly as possible such Required Consents and will deliver copies of the same, reasonably satisfactory in form and substance, to Buyer.

6.5.4. If all of the conditions to the Closing have been met and the parties have not received 100% of the Required Consents for Franchises, then, at the Closing, Seller will transfer, convey and assign to Buyer all of the Assets, and the Closing will occur with respect to all of the Assets, other than (a) any Franchises for which Required Consents have not been obtained (the "Retained Franchises"), and (b) any Assets that are located in the Franchise area for such Retained Franchises and that relate exclusively to such Retained Franchises (together with the Retained Franchises, the "Retained Assets"). The portion of the Purchase Price to be given as consideration for the Retained Assets (which portion will be calculated as a pro rata portion of the Purchase Price based on the number of Equivalent Basic Subscribers in the Service Areas covered by the Retained Franchises), but in any event not to exceed 10% of the Purchase Price (the "Retained Purchase Price") will be deposited in escrow with the Escrow Agent pursuant to an escrow agreement substantially in the form of EXHIBIT B. Following the Closing, the parties will continue to use commercially reasonable efforts to obtain Required Consents for any Retained Franchises in accordance with the terms of this Agreement for a period of 120 days. Within 10 Business Days after obtaining the Required Consent for a Retained Franchise, or upon the expiration of 120 days after the Closing, whichever will first occur, Seller will transfer, convey and assign the Retained Assets relating to such Retained Franchise to Buyer and the Parties will cause the Escrow Agent to deliver to Seller the Retained Purchase Price (or portion thereof related to the Retained Assets being transferred) and all interest accruing thereon. Prior to the Closing,

Buyer and Seller will negotiate in good faith to reach agreement on a management agreement pursuant to which Buyer will manage all Retained Assets (except to the extent such management will cause either Party to violate any Legal Requirement), which management agreement will also contain any required signal sharing arrangements (the "Retained Assets Management Agreement"). The Parties will negotiate in good faith to resolve the operation of any Retained Assets that may not, pursuant to applicable Legal Requirement, be managed by Buyer pursuant to the foregoing. The Retained Assets Management Agreement will provide that Buyer will bear all expenses relating to the Retained Assets and the operation thereof and will receive the net cash flow from the Retained Assets as its management fee. The Retained Assets Management Agreement will provide that its term will continue with respect to each Retained Asset until Seller transfers such Retained Asset to Buyer in accordance with this Section 6.5.4. The adjustments pursuant to Section 3.2 will be made as of the Closing Date for the Retained Assets as if they were transferred on the Closing Date. In addition, Buyer will become liable for the Assumed Obligations and Liabilities with respect to the Retained Assets as of the Closing Date, and all representations and warranties (except as to those Required Consents that have not been obtained) made in connection with the Retained Assets will be made as of the Closing Date rather than any subsequent transfer date. Buyer may further make any indemnification claims permitted under Section 10 with respect to the Retained Assets as though the Retained Assets were transferred at the Closing. If the provisions of this Section 6.5.4 become operative, the parties agree to use commercially reasonable efforts and act in good faith in taking such actions and negotiating such additional provisions or other agreements, including amendments to this Agreement, as may be necessary or appropriate to carry out the intent of this Section 6.5.4. Buyer and Seller will each pay one-half of the expense of defending any legal challenges alleging the premature, unlawful or invalid transfer of any of the Retained Franchises, including reasonable attorneys' fees and consultants' fees; provided, however, that the actual amount of any judgments obtained by a Governmental Authority resulting from (a) the transfer of any Retained Assets, Retained Franchise, or actual working control of either without proper consent or (b) any action taken by Buyer as manager of the Retained Assets; and further provided that any amounts paid to reinstate any Retained Franchise revoked as a result of either such event will be borne solely by Buyer. If a Retained Franchise is revoked for any reason, there will be no compensation or other remuneration paid by any party to another party as a result of such revocation.

6.5.5. Buyer will prepare and deliver to Seller no later than the date of this Agreement, Buyer's portion of FCC Forms 394 with respect to each Franchise for which a Required Consent must be obtained as set forth on SCHEDULE 4.3. Seller will prepare Seller's portion of such Forms for each such Franchise on or before the date of this Agreement. Seller and Buyer will cooperate in the preparation of such Forms and will execute such Forms and Seller will deliver them to the appropriate Governmental Authority on or before February 28, 2001. In connection with such delivery, Seller will request and

retain proofs of delivery and will promptly deliver copies of such proofs to Buyer. Without the prior consent of Buyer, Seller will not agree with any Governmental Authority to extend or to toll the time limits applicable to such Governmental Authority's consideration of any FCC Form 394 filed with such Governmental Authority. Seller will use commercially reasonable efforts to (i) provide advance notice to Buyer of any meetings or conferences (whether in person or by conference call) with Governmental Agencies concerning such Forms, and (ii) to permit Buyer to participate in such meetings or conferences on its own behalf.

6.5.6. Prior to the Closing and subject to Section 6.2, Seller will use commercially reasonable efforts to obtain a renewal or extension of any Franchise (for a period expiring no earlier than three years after the Closing Date) for which a valid notice of renewal pursuant to the formal renewal procedures established by Section 626 of the Communications Act has not been timely delivered to the appropriate Governmental Authority (as identified in SCHEDULE 4.9) and no written confirmation has been received from such Governmental Authority that the procedures established by Section 626 of the Communications Act nonetheless will be applicable with respect to the renewal or extension of such Franchise.

6.6. Title Commitments and Surveys. After the execution of this Agreement, Buyer may obtain, at its sole expense, (a) commitments for owner's title insurance policies on all Real Property owned by Seller and on easements which provide access to each such parcel of Real Property, and (b) an ALTA survey on each parcel of Real Property for which a title insurance policy is to be obtained. Seller will provide reasonable assistance in connection with Buyer obtaining such commitments and surveys, as Buyer may request from time to time. All such commitments and surveys will be obtained within 60 days of the date of this Agreement. If Buyer notifies Seller in writing within 15 days after the date Buyer receives the commitment or survey with respect to a parcel of owned or leased Real Property that the commitment or survey discloses a condition that constitutes a breach, or any facts which could be reasonably expected to result in a breach, of the representations of Seller contained in Section 4.7 or any condition that would prohibit Seller from transferring title to such Real Property free and clear of Encumbrances (other than Permitted Encumbrances), then Seller will promptly commence further investigation and use commercially reasonable efforts to at its expense to cure the condition prior to Closing. If Seller, having used such commercially reasonable efforts, is unable to cure the condition prior to Closing and Closing will occur, then any claim for indemnification that Buyer may have with respect to the condition may be brought without the requirement that such claims meet or exceed the Threshold Amount. Seller agrees to provide Buyer's title company with a standard form of indemnification for any mechanic's or materialmen's lien affecting such Real Property which is not an Assumed Obligation and Liability.

6.7. HSR Notification. As soon as practicable after the execution of this Agreement, but in any event no later than 30 days after such execution, Seller and Buyer will each complete and file, or cause to be completed and filed, any notification and report required to be filed under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended (the "HSR Act"), with respect to the transactions contemplated by this Agreement; and each such filing will request early termination of the waiting period imposed by the HSR Act. The parties will use their commercially reasonable efforts to respond as promptly as reasonably practicable to any inquiries received from the Federal Trade Commission (the "FTC") and the Antitrust Division of the Department of Justice (the "Antitrust Division") for additional information or documentation and to respond as promptly as reasonably practicable to all inquiries and requests received from any other Governmental Authority in connection with antitrust matters. Each party will cooperate to prevent inconsistencies between their respective filings and between their respective responses to all such inquiries and requests, and will furnish to each other such necessary information and reasonable assistance as the other may reasonably request in connection with its preparation of necessary filings or submissions under the HSR Act. The parties will use their respective commercially reasonable efforts to overcome any objections which may be raised by the FTC, the Antitrust Division or any other Governmental Authority having jurisdiction over antitrust matters. Notwithstanding the foregoing, neither Buyer nor Seller will be required to make any significant change in the operations or activities of their respective business (or any material assets employed therein) or that of any of their respective Affiliates, if such party determines in good faith that such change would be materially adverse to the operations or activities of such business (or any material assets employed therein), provided such business has significant assets, net worth, or revenue. Each party will pay its own filing fees under the HSR Act in connection with the transactions contemplated by this Agreement.

6.8. Notification of Certain Matters. Seller will promptly notify Buyer of any fact, event, circumstance or action (a) which, if known on the date of this Agreement, would have been required to be disclosed to Buyer pursuant to this Agreement or (b) the existence or occurrence of which would cause any of Seller's representations or warranties under this Agreement not to be correct and complete as of the Closing Date.

6.9. Risk of Loss; Condemnation.

6.9.1. Seller will bear the risk of any loss or damage to the Assets resulting from fire, theft or other casualty (except reasonable wear and tear) at all times prior to the Closing. If any such loss or damage is so substantial as to prevent normal operation of any material portion of the Systems or the replacement or restoration of the lost or damaged property within 45 days after the occurrence of the event resulting in such loss or damage, Seller will immediately notify Buyer of that fact and Buyer, at any time within 10 days after receipt of such notice, may elect by written notice to Seller either (a) to waive

such defect and proceed toward consummation of the transactions contemplated by this Agreement in accordance with terms of this Agreement or (b) terminate this Agreement. If Buyer elects so to terminate this Agreement, Buyer and Seller will be discharged of any and all obligations hereunder. If Buyer elects to consummate the transactions contemplated by this Agreement notwithstanding such loss or damage and does so, there will be no adjustment in the consideration payable to Seller on account of such loss or damage, but all insurance proceeds payable as a result of the occurrence of the event resulting in such loss or damage will be delivered by Seller to Buyer, or the rights to such proceeds will be assigned by Seller to Buyer if not yet paid over to Seller.

6.9.2. If, prior to the Closing, all or any part of or interest in the Assets is taken or condemned as a result of the exercise of the power of eminent domain, or if a Governmental Authority having such power informs Seller or Buyer that it intends to condemn all or any part of the Assets (such event being called, in either case, a "Taking"), then (a) Buyer will have the sole right, in the name of Seller, if Buyer so elects, to negotiate for, claim, contest and receive all damages with respect to the Taking, (b) Seller will be relieved of its obligation to convey to Buyer the Assets or interests that are the subject of the Taking, (c) at the Closing, Seller will assign to Buyer all of Seller's rights to all damages payable with respect to such Taking and will pay to Buyer all damages previously paid to Seller with respect to the Taking, and (d) following the Closing, Seller will give Buyer such further assurances of such rights and assignment with respect to the Taking as Buyer may from time to time reasonably request. The foregoing will not affect or limit the scope of any representation or warranty of Seller in this Agreement or limit Buyer's right to rely on such representation or warranty as a condition of Closing to the extent set forth in this Agreement.

6.10. Transfer Taxes; Ad Valorem Obligations.

6.10.1. Any state or local sales, use, transfer, or documentary transfer Taxes or fees or any other charge imposed by any Governmental Authority (other than any of Seller's income, franchise, gross receipts, corporation, excess profits, rental, devolution, or payroll tax by whatsoever authority imposed or howsoever designated) arising from or payable by reason of the transfer of the Assets contemplated by this Agreement will be borne equally by Buyer and Seller. Tax returns required to be filed in respect of Transfer Taxes ("Transfer Tax Returns") will be prepared and filed by the party that has the primary responsibility under applicable law for filing such Transfer Tax Returns. If neither party has primary responsibility for filing a Transfer Tax Return, then Seller will be responsible for preparing and filing any such Transfer Tax Return.

6.10.2. Each party hereto will cooperate in assuring that all real property taxes, personal property taxes and similar ad valorem obligations that are levied with respect to the Assets or the Business for assessment periods

in which the Closing Date occurs and are otherwise not accounted for in the adjustment to Purchase Price set forth in Section 3.2 of the Agreement or excluded pursuant to Section 2.2(w) (collectively, the "Apportioned Obligations") and any refund or rebate thereof, will be apportioned between Seller and Buyer as of the Closing Date based on the number of days in any such period falling on or before the Closing Date, on one hand, and after the Closing Date, on the other hand (it being understood that Seller is responsible for the portion of each such Apportioned Obligation attributable to the number of days from the most recent lien date to and including the Closing Time and Buyer is responsible for the portion of each such Apportioned Obligation attributable to the period after the Closing Time). An adjustment will be made to the Purchase Price to reflect any payment of Apportioned Obligations that have been made by Seller on or prior to the Closing Date that are apportioned to Buyer hereunder. The parties hereto will cooperate, including during times of audit by taxing Governmental Authorities, to avoid payment of duplicate or inappropriate Taxes or other ad valorem obligations of any kind or description which related to the Assets or the Business, and each party will furnish, at the request of the other, proof of payment of any such Taxes or ad valorem obligations or other documentation that is a prerequisite to avoiding payment of a duplicate or inappropriate Tax or other ad valorem obligations.

6.11. Updated Schedules. Not less than 10 Business Days prior to the Closing, Seller will deliver to Buyer revised copies of the Schedules to this Agreement, which will have been updated and marked to show any changes occurring between the date of this Agreement and the date of delivery. Seller will update all Schedules, regardless of whether the original Schedule is as of a certain date; provided that SCHEDULE 4.16 will be updated to a reasonable date between the date of this Agreement and the Closing Date. Such updates are for informational purposes only, and for purposes of determining whether Seller's representations, warranties and covenants in this Agreement are true and correct at Closing, all references to the Schedules will mean the version of the Schedules attached to this Agreement on the date of signing. Notwithstanding the foregoing, if the effect of any such updates to Schedules is to disclose any one or more additional properties, privileges, rights, interests or claims, in each case acquired after the date of this Agreement ("New Properties") as Assets that would have been (if owned on the date of this Agreement) required by this Agreement to have been disclosed by Seller in its original Schedules and that were acquired by Seller after the date of this Agreement in breach of this Agreement, then Buyer, at or before Closing, will have the right (to be exercised by written notice delivered to Seller at least two days prior to the Closing Date) to cause any one or more of such New Properties to be designated as and deemed to constitute Excluded Assets for all purposes under this Agreement. Notwithstanding anything to the contrary contained in this Agreement, and except as set forth in the preceding sentence with respect to New Properties, the waiver of any condition to Closing by a party who has knowledge of a breach by the other party will not be deemed a waiver of any rights and remedies with respect to such breach under this Agreement.

6.12. Use of Seller's Name. Seller and its Affiliates will retain all rights with respect to the names "AT&T," "Tele-Communications, Inc." and "TCI" or any and all derivations thereof after the Closing. Buyer will remove or delete such names or any and all derivations thereof from the Business and Assets as soon as reasonably practicable, but in any event by the 120th day following the Closing. Seller and its Affiliates will take no action to enforce their intellectual property rights in such names during such 120-day period, provided Buyer complies with the terms of this Section 6.12 Notwithstanding the foregoing, nothing in this Section 6.12 will require Buyer to remove or discontinue using any such name or mark that is affixed to converters or other items in customer homes or properties on the Closing Date, or as are used in a similar fashion which makes such removal or discontinuation impracticable.

6.13. Transitional Billing Services. Seller will provide to Buyer, upon request, access to and the right to use its billing system computers, software and related fixed assets in connection with the Systems for a period of up to six months following the Closing to allow for conversion of existing billing arrangements, including billing and related arrangements regarding internet access services being provided to customers of a System on the Closing Date ("Transitional Billing Services"). Buyer will notify Seller at least 30 days prior to the Closing as to whether it desires Transitional Billing Services from Seller. All Transitional Billing Services, if any, that are requested by Buyer will be provided on terms and conditions reasonably satisfactory to each party; provided, however, that the amount to be paid by Buyer for such Transitional Billing Services will not exceed the out-of-pocket cost to Seller of providing such Transitional Billing Services. Seller will notify Buyer of the cost to Seller of providing such Transitional Billing Services within 10 Business Days after receiving Buyer's notice requesting the provision of such Transitional Billing Services.

6.14. Transition of High Speed Data Services. Seller will provide to Buyer, upon request, transitional services for a period of up to six months following the Closing to allow for conversion of existing high speed data services provided by the Systems, which services may include billing, technical and customer support ("Transitional HSD Services"). Buyer will notify Seller at least 60 days prior to the Closing as to whether it desires Transitional HSD Services from Seller. All Transitional HSD Services, if any, and the scope of such Transitional HSD Services that are requested by Buyer will be provided on terms and conditions reasonably satisfactory to each party; provided, however, that the amount to be paid by Buyer for such Transitional HSD Services will not exceed the out-of-pocket cost to Seller of providing such Transitional HSD Services.

6.15. Certain Notices. Seller will duly and timely file a valid request for renewal under Section 626 of the Communications Act with the proper Governmental Authority with respect to all Franchises of the Business that will

expire within 33 months after any date between the date of this Agreement and the Closing Date.

6.16. Satisfaction of Conditions. Each party will use commercially reasonable efforts to satisfy, or to cause to be satisfied, the conditions to the obligations of the other party to consummate the transactions contemplated by this Agreement, as set forth in Section 7, by no later than June 15, 2001.

6.17. Bulk Transfers. Buyer and Seller each waive compliance by the other with Legal Requirements relating to bulk transfers that may be applicable to the transactions contemplated hereby.

6.18. Programming Matters. Buyer will execute and deliver to Seller such documents and take such actions as may be reasonably requested by Seller to comply with the requirements of Seller's programming Contracts and channel line-up requirements with respect to divestitures of cable television systems. Seller will execute and deliver such documents as may be reasonably requested by Buyer to comply with the requirements of Buyer's programming Contracts and channel line-up requirements with respect to acquisitions of cable television systems. Neither party will be required to make any payments to the other's programmers in the fulfillment of its obligations under this Section 6.18; provided, however, that Buyer will not be required to provide specific programming or channels or to assume any liability with respect to or in connection with the programming agreements of Seller or any of its Affiliates.

6.19. Cooperation as to Rates and Fees.

6.19.1. After the Closing, notwithstanding the terms of Section 10.4, Buyer will have the right at its own expense to assume control of the defense of any rate proceeding with respect to the Systems that remains pending as of the Closing or that arises after the Closing but relates to the pre-Closing operation of the Systems. Buyer will promptly notify Seller regarding the commencement of any such rate proceeding relating to the pre-Closing operation of the Systems. In any such rate proceeding involving the Systems, Seller will cooperate in such proceeding and promptly deliver to Buyer all information reasonably requested by Buyer as necessary or helpful in such proceeding.

(a) If Buyer elects to assume control of the defense of any such rate proceeding, then (i) Seller will have the right to participate, at its expense, in the defense in such rate proceeding, and (ii) Buyer will have the right to settle any rate proceeding relating to the pre-Closing operation of the Systems unless under such settlement Seller would be required to bear liability with respect to the pre-Closing time period, in which event such settlement will require Seller's prior written consent, which consent will not be unreasonably withheld, conditioned or delayed.

(b) If Buyer does not elect to assume control of the defense of any such rate proceeding, then (i) Buyer will have the right to participate, at its expense, in the defense in such rate proceeding, and (ii) without the prior consent of Buyer (which will not be unreasonably withheld, conditioned or delayed), Seller will not settle such rate proceeding if such settlement would require Buyer to bear any liability or would adversely affect the rates to be charged by Buyer. In any such rate proceeding involving the Systems, Buyer will cooperate in such proceeding and promptly deliver to Seller all information in its possession that is reasonably requested by Seller as necessary or helpful in such proceeding.

6.19.2. Prior to Closing, Seller will not settle or permit to be settled any rate proceeding with respect to the Systems or Franchises without the consent of Buyer, which consent will not be unreasonably withheld or delayed, unless the proposed settlement includes injunctive or other relief that adversely affects the Assets or its ability to operate such Systems substantially in the manner in which they are operated on the date of this Agreement (other than changing the rates in question), in which case consent may be withheld or delayed in Buyer's sole discretion.

6.19.3. If Seller is required, following the Closing, pursuant to any Legal Requirement, settlement or otherwise, to reimburse or provide in-kind or another form of consideration to any subscribers of the Systems in respect of any subscriber payments previously made by them, including fees for cable television service, equipment charges, late fees and similar payments, Buyer agrees that it will make such reimbursement or provide such in-kind or other form of consideration through Buyer's billing system on terms reasonably specified by Seller, and Seller will reimburse Buyer for all such payments and other consideration made by Buyer following the Closing and for Buyer's reasonable out-of-pocket expenses incurred in connection therewith. Such reimbursement will be reflected in the Final Adjustments Report, to the extent then known. For expenses incurred after completion of the Final Adjustments Report, Seller will reimburse Buyer within 60 days after receipt of a statement therefor. Seller and Buyer will provide each other with all information in its possession that is reasonably required by such other party in connection with such reimbursement.

6.20. Cooperation on Pending Litigation. With respect to any defense or prosecution of any litigation or legal proceeding with respect to the Systems that relates to the period prior to the Closing Time and for which Seller and its Affiliates are responsible pursuant to this Agreement, Buyer will cooperate with and assist Seller and its Affiliates, upon reasonable request and at Seller's expense, by undertaking commercially reasonable efforts to make witnesses available and provide all information in its possession (including access to employees with information regarding such proceedings and access to books and records that may relate to the proceedings) that Seller and its Affiliates may reasonably require in connection with such litigation or legal proceedings or in

response to any complaint, claim, inquiry, order or requirements of any Governmental Authority or other Third Party. No action undertaken by Buyer as requested by Seller under this Section 6.20 will be deemed a waiver of any rights and remedies it may have with respect to any breach under this Agreement.

6.21. Confidentiality.

6.21.1. Neither Buyer nor Seller will, nor will it permit any of its Affiliates to, issue any press release or make any other public announcement or any oral or written statements to Seller's employees concerning this Agreement or the transactions contemplated hereby except as required by applicable Legal Requirements, without the prior written consent of the other party. Each party will hold, and will cause its employees, consultants, advisors and agents to hold, the terms of this Agreement in confidence; provided that (a) such party may use and disclose such information once it has become publicly disclosed (other than by such party in breach of its obligations under this Section) or which rightfully has come into the possession of such party (other than from the other party) and (b) to the extent that such party may be compelled by Legal Requirements to disclose any of such information, but the party proposing to disclose such information will first notify and consult with the other party concerning the proposed disclosure, to the extent reasonably feasible. Each party also may disclose such information to employees, consultants, advisors, agents and actual or potential lenders whose knowledge is necessary to facilitate the consummation of the transactions contemplated by this Agreement. The obligation by either party to hold information in confidence pursuant to this Section will be satisfied if such party exercises the same care with respect to such information as it would exercise to preserve the confidentiality of its own similar information.

6.21.2. All information concerning the Business or Assets obtained by Buyer or its Affiliates pursuant to or in connection with negotiation of this Agreement will be used by Buyer and its Affiliates solely for purposes related to this Agreement and, in the case of nonpublic information, will, except as may be required for the performance of this Agreement or by Legal Requirement, be kept in strict confidence by Buyer and its Affiliates in accordance with the terms of the letter agreement dated October 24, 2000, as amended effective on the date of this Agreement, which letter agreement, as amended, is hereby incorporated in this Agreement by reference. Any breach of such letter agreement, as amended, will be deemed a material breach of this Agreement.

6.22. Lien Searches. Seller will obtain, at its expense, and deliver to Buyer at least 45 Business Days prior to the Closing Date, the results of a lien search conducted by a professional search company of records in the offices of the secretaries of state in each state and county clerks in each county where there exist any Real Property or Equipment, and in the state and county where Seller's principal offices are located, including copies of all financing statements or

similar notices or filings (and any continuation statements) discovered by such search company.

6.23. Further Assurances. At or after the Closing, each party at the request of the other party, will promptly execute and deliver, or cause to be executed and delivered, to the other party all such documents and instruments, in addition to those otherwise required by this Agreement, in form and substance reasonably satisfactory to the other party as the other party may reasonably request in order to carry out or evidence the terms of this Agreement or to collect any accounts receivable or other claims included in the Assets.

6.24. Expired Leases. Seller will exercise commercially reasonable efforts prior to Closing to obtain written renewals or extensions, on terms reasonably acceptable to Buyer, for at least one year following the Closing of all leases of Real Property that will have expired prior to the Closing.

6.25. Environmental Assessment.

6.25.1. Seller acknowledges and agrees that Buyer may commission, at Buyer's cost and expense, a "Phase I" environmental site assessment of the Real Property owned by Seller (a "Phase I Assessment") or "Phase II" assessment, or other testing or analysis of the Real Property owned by Seller as Buyer may deem appropriate (a "Phase II Assessment"). Seller will use its commercially reasonable efforts to comply with any reasonable request for information made by Buyer or its agents in connection with any such investigation, but in no event will Seller be required under this Section 6.25.1 to disclose any materials constituting attorney-client privileged communications. Seller covenants that any response to any such request for information will be complete and correct in all material respects. Seller will afford Buyer and its agents or representatives access to all operations of Seller at all reasonable times and in a reasonable manner in connection with any such investigation. Any such assessment will be completed within 60 days of the date of this Agreement. If Buyer notifies Seller in writing within 15 days after the date Buyer receives the assessment with respect to a parcel of owned Real Property that the assessment discloses an environmental condition that (a) constitutes a breach, or any facts which could be reasonably expected to result in a breach, of the representations of Seller contained in Section 4.8 or (b) could reasonably be expected to impair the use or value of such Real Property for the continued operations of the Business or subject Buyer to any Losses if Buyer consummates this Agreement, then Seller will promptly commence further investigation and use commercially reasonable efforts to at its expense to cure the condition prior to Closing. If Seller, having used such commercially reasonable efforts, is unable to cure the condition prior to Closing and Closing will occur, then any claim for indemnification that Buyer may have with respect to the condition may be brought without the requirement that such claims meet or exceed the Threshold Amount.

6.25.2. In the event this Agreement is terminated or fails to close in accordance with its terms, Buyer agrees to repair any damage or disturbance it causes to the Real Property in the course of such investigative activities by returning such Real Property to approximately the same condition as existed prior to such investigative activities. Buyer will indemnify, defend and hold Seller free and harmless from and against any and all claims, actions, causes of action, suits, proceedings, costs, expenses (including reasonable attorneys' and consultants' fees and costs), liabilities, damages, and liens of any type arising directly out of any act or omission of Buyer or any of Buyer's representatives on or about the Real Property in the course of such investigative activities. However, neither of the two preceding sentences will be interpreted to impose any obligation upon Buyer with respect to Hazardous Substances present at, on, in, under or about, or any conditions existing on, the Real Property at the time of such investigative activities, except to the extent Buyer's negligence or willful misconduct causes a release of such Hazardous Substances or otherwise exacerbates any such condition in a manner that leads to liability under any Environmental Law.

6.25.3. All information collected and generated as a result of the environmental due diligence authorized by Section 6.25.1 will be subject to the terms and conditions of Section 6.21 of this Agreement. Buyer will provide to Seller copies of all reports, assessments and other information composed or compiled by Buyer's environmental consultants within five (5) Business Days after Buyer's receipt of copies thereof.

6.26. No Offers. Seller (and its directors, officers, employees, representatives and agents) will not directly or indirectly, (i) offer the Assets, the Systems or the Business for sale, (ii) solicit, encourage or entertain offers for such Assets, Systems or Business, (iii) initiate negotiations or discussions for the sale of such Assets, Systems or Business or (iv) make information about such Assets, Systems or Business available to any Third Party in connection with the possible sale of such Assets, Systems or Business prior to the Closing Date or the date this Agreement is terminated in accordance with its terms.

6.27. Taxes. Seller and Buyer will reasonably cooperate in connection with the preparation and filing of any Tax return or any similar information statement, including any Transfer Tax Returns, for which the other is responsible for preparing and filing with respect to the Assets.

6.28. Distant Broadcast Signals. Unless otherwise restricted or prohibited by any Governmental Authority, applicable Legal Requirements or Contract, Seller will, if requested by Buyer, delete prior to the Closing any distant broadcast signals which Buyer determines will result in unacceptable liability on the part of Buyer for copyright payments with respect to continued carriage of such signals after the Closing; provided, however, that Seller may refuse to honor such a request if such deletion could reasonably be expected to

delay or otherwise jeopardize Seller's ability to complete the transactions contemplated herein.

6.29. System Telephone Services. Prior to Closing, Buyer will select a vendor for the provision, and arrange for the transition, of all telephony services (e.g., long distance, data circuits, and 800 number) used in connection with the operation of the Systems. If Buyer fails to effect the transition of telephony services to its selected vendor as of the Closing Date, then Buyer will reimburse Seller for all charges incurred by Seller after Closing with respect to telephony services used in connection with the operation of the Systems or in the conduct of the Business.

7. CONDITIONS TO CLOSING.

7.1. Conditions to the Obligations of Buyer and Seller. The obligations of each party to consummate the transactions contemplated by this Agreement are subject to the satisfaction, at or before the Closing, of the following, which may be waived by the parties to the extent not prohibited by applicable Legal Requirements:

7.1.1. HSR Act Filings. All filings required under the HSR Act have been made and the applicable waiting period has expired or been terminated.

7.1.2. Absence of Legal Proceedings; Judgment. No judgment has been entered and not vacated by any Governmental Authority and no Legal Requirement has been enacted, promulgated or issued or become or deemed applicable to any of the transactions contemplated by this Agreement by any Governmental Authority, which prevents or makes illegal the transactions contemplated by this Agreement. No action, suit or proceeding is pending or threatened by any federal Governmental Authority which would prevent or make illegal the transactions contemplated by this Agreement.

7.2. Conditions to the Obligations of Buyer. The obligations of Buyer to consummate the transactions contemplated by this Agreement are subject to the satisfaction, at or before the Closing, of the following conditions, which may be waived by Buyer (subject to Section 10.3(d)) to the extent not prohibited by applicable Legal Requirements:

7.2.1. Accuracy of Representations and Warranties. The representations and warranties of Seller in this Agreement are true, complete and correct (without regard to any materiality or similar qualifications contained therein), at and as of the Closing with the same effect as if made at and as of the Closing, except (i) for changes, if any, permitted or contemplated by this Agreement, (ii) to the extent a different date is specified therein, in which case such representation and warranty is true and correct as of such date and (iii) to the extent that all misstatements, omissions and inaccuracies in the

representations and warranties of Seller, in the aggregate, do not have and could not reasonably be expected to have a Material Adverse Effect.

7.2.2. Performance of Agreements. Seller in all material respects has performed and complied with each obligation, agreement, covenant and condition required by this Agreement to be performed or complied with by Seller at or prior to the Closing.

7.2.3. Deliveries. Seller has delivered the items and documents required to be delivered by it pursuant to this Agreement, including those required under Section 8.2.

7.2.4. Required Consents. Except as otherwise provided in Section 6.5.2, Seller will have received and delivered to Buyer in form and substance reasonably satisfactory to Buyer, all of the Required Consents marked with an asterisk on SCHEDULE 4.3 (including those incorporated by reference), all Required Consents for other CARS Licenses and Business Radio Licenses over 470 MHz and all Required Consents for other tower and headend leases; provided, however, that this condition, to the extent it relates to Required Consents of Governmental Authorities for Franchises, will be deemed to be satisfied when, the aggregate number of Equivalent Basic Subscribers (i) located in areas where it is legally permissible to operate without a franchise or that are served pursuant to Franchises that do not require consent, or (ii) that are located in franchise areas where the Franchise is not expired as to which Required Consents have been obtained in form and substance reasonably satisfactory to Buyer (or the consent of the appropriate Governmental Authority will be deemed to have been received in accordance with Section 617 of the Communications Act (47 U.S.C. 537)), divided by of the total number of Equivalent Basic Subscribers for all of the Systems (the "Franchise Consent Ratio") is equal to or greater than 90%. For purposes of calculating the Franchise Consent Ratio, the number of Equivalent Basic Subscribers related to each franchise and for all of the Systems as a whole will be calculated as of April 30, 2001, or otherwise agreed upon by the parties.

7.2.5. Subscribers. The aggregate of the Equivalent Basic Subscribers and the "Equivalent Basic Subscribers" under the Related Agreement as of the last day of the calendar month immediately preceding the Closing Date is not less than 132,600.

7.2.6. No Material Adverse Changes. During the period from December 31, 2000, through and including the Closing Date, there will not have occurred and be continuing any event or events having, individually or in the aggregate, a Material Adverse Effect.

7.2.7. Franchise Renewals. Each Franchise for which (a) a valid notice of renewal pursuant to the formal renewal procedures established by Section 626 of the Communications Act has not been timely delivered to the

appropriate Governmental Authority and (b) with respect to which the appropriate Governmental Authority has not confirmed in writing that the procedure established by Section 626 nonetheless will apply to the renewal or extension of such Franchise, will have been renewed or extended for a period expiring no earlier than three years after the Closing Date.

7.2.8. At Home Agreement. Seller will have caused At Home Corporation to execute and deliver to Buyer an Affiliation Agreement, which Affiliation Agreement, in combination with the Transitional HSD Services, will permit Buyer to provide high speed data services to subscribers for six months following Closing and will be on terms consistent with At Home Corporation's then-standard terms and conditions offered to Third Party MSOs, which terms will be no less favorable than either (at At Home Corporation's election), Buyer's or Buyer's Affiliate's then-current At Home Affiliation Agreement for its Fort Worth, Texas, cable system or Buyer's or Buyer's Affiliate's then-current At Home Affiliation Agreement for its Greenville/Spartanburg, South Carolina, cable system.

7.3. Conditions to Obligations of Seller. The obligations of Seller to consummate the transactions contemplated by this Agreement are subject to the satisfaction at or before the Closing, of the following, which may be waived by Seller, to the extent not prohibited by applicable Legal Requirements:

7.3.1. Accuracy of Representations and Warranties. The representations and warranties of Buyer in this Agreement, if qualified by a reference to materiality, are true, complete and correct and, if not so qualified, are true, complete and correct in all material respects, at and as of the Closing with the same effect as if made at and as of the Closing, except for changes, if any, permitted or contemplated by this Agreement and except to the extent a different date is specified therein, in which case such representation and warranty is true and correct as of such date.

7.3.2. Performance of Agreements. Buyer in all material respects has performed and complied with each obligation, agreement, covenant and condition required by this Agreement to be performed or complied with by Buyer at or prior to the Closing.

7.3.3. Deliveries. Buyer has delivered the payment, items and documents required to be delivered by it pursuant to this Agreement, including those required under Section 8.3.

8. CLOSING.

8.1. Time and Place of the Closing. The Closing will be held on a date specified by Seller which is no less than five nor more than 10 Business Days following the date all conditions to the Closing contained in this Agreement (other than those based on acts to be performed at the Closing) have been

satisfied or waived; provided, however, either party may postpone the Closing Date until the last day of the month in which all such conditions are satisfied or waived. The Closing will be held at 9:00 a.m., local time, at Seller's counsel's office located at 633 Seventeenth Street, Suite 3000, Denver, Colorado 80202, or at such other place and time as Buyer and Seller may agree.

8.2. Seller's Delivery Obligations. At the Closing, Seller will deliver (or cause to be delivered) to Buyer the following:

(a) A Bill of Sale and Assignment and Assumption Agreement in substantially the form of EXHIBIT A to this Agreement (the "Bill of Sale");

(b) A special or limited warranty deed in a form reasonably acceptable to Buyer (and complying with applicable state laws) with respect to each parcel of Real Property which is owned by Seller, and the improvements thereon, duly executed and acknowledged and in recordable form, warranting only to defend title to such owned Real Property against all persons claiming by, through or under Seller, subject, however, to any Permitted Encumbrances;

(c) Title certificates to all vehicles included among the Assets (including those subject to leases), endorsed for transfer of valid and good title to Buyer, free and clear of all Encumbrances and leases (other than Permitted Encumbrances), and separate bills of sale or other transfer documentation for such vehicles, if required by the laws of the states in which such vehicles are titled;

(d) A certificate, dated the Closing Date, signed by an officer of Seller, stating, solely in his or her capacity as such officer, that the conditions set forth in Sections 7.2.1 and 7.2.2 are satisfied;

(e) A FIRPTA Non-Foreign Seller Certificate from Seller certifying that it is not a foreign person within the meaning of Section 1445 of the Internal Revenue Code of 1986, as amended (the "Code") reasonably satisfactory in form and substance to Buyer;

(f) Evidence reasonably satisfactory to Buyer that all Encumbrances (other than Permitted Encumbrances) affecting or encumbering the Assets have been terminated, released or waived, as appropriate, or original, executed instruments in form reasonably satisfactory to Buyer effecting such terminations, releases or waivers;

(g) Copies of all Required Consents which have been obtained by the Seller prior to Closing;

(h) All Books and Records, delivery of which will be deemed made to the extent such Books and Records are then located at any of the offices of the Systems included in the Real Property;

(i) An opinion of Sherman & Howard L.L.C., counsel for Seller, in substantially the form attached as EXHIBIT C; and

(j) Such other documents as Buyer may reasonably request in connection with the transactions contemplated by this Agreement.

8.3. Buyer's Delivery Obligations. At the Closing, Buyer will deliver (or cause to be delivered) to Seller the following:

(a) The Purchase Price required to be paid at the Closing, as adjusted in accordance with this Agreement;

(b) The Bill of Sale executed by Buyer;

(c) A certificate, dated the Closing Date, signed by an officer of Buyer, stating, solely in his or her capacity as such officer, that the conditions set forth in Sections 7.3.1 and 7.3.2 are satisfied;

(d) An opinion of Irell & Manella LLP, counsel for Buyer, in substantially the form attached as EXHIBIT D; and

(e) Such other documents as Seller may reasonably request in connection with the transactions contemplated by this Agreement.

9. TERMINATION.

9.1. Events of Termination. This Agreement may be terminated and the transactions contemplated by this Agreement may be abandoned at any time prior to the Closing:

9.1.1. By the mutual written consent of Buyer and Seller;

9.1.2. By either party, upon written notice to the other party, if the transactions contemplated by this Agreement to take place at the Closing have not been consummated by the date which is 12 months after the date of this Agreement, for any reason other than (i) a breach or default by such party in the performance of any of its obligations under this Agreement or (ii) the failure of any representation or warranty of such party to be accurate; or

9.1.3. By either party at any time upon written notice to the other, if the other is in material breach or default of any of its covenants, agreements or other obligations in this Agreement or in any Transaction Document and fails to cure such breach or default (a) within the 30-day period following such written notice or, (b) if such breach or default is incapable of being cured within such

30-day period and the defaulting party promptly initiates and diligently pursues such cure to completion upon receipt of such notice, within a reasonable period of time.

9.2. Liabilities in Event of Termination. If this Agreement is terminated pursuant to Section 9.1, all obligations of the parties under this Agreement will terminate except for the parties respective obligations under Section 6.21 and 11.18. Notwithstanding a party's right to pursue remedies for breach of contract upon termination of this Agreement in accordance with Section 9.1, no remedies for breaches of representations and warranties will be available if this Agreement is terminated pursuant to Section 9.1. Furthermore, if the Closing does not occur, no party will be liable for any incidental, consequential, exemplary, special, or punitive damages in connection with any claim for breach of this Agreement.

10. SURVIVAL OF REPRESENTATIONS AND WARRANTIES; INDEMNIFICATION.

10.1. Survival of Representations and Warranties. The representations and warranties of the parties in this Agreement and the Transaction Documents will survive the Closing until 15 months after the Closing Date, except that the representations and warranties relating to Taxes, ERISA and environmental matters will survive until 90 days after the expiration of the applicable statute of limitations and the representations and warranties relating to Seller's title to, and the absence of Encumbrances (other than Permitted Encumbrances) on, the Assets will survive indefinitely and will not be merged into or otherwise limited by any deed or other conveyance document. The applicable periods of survival of the representations and warranties prescribed by this Section 10.1 are referred to as the "Survival Period." The liabilities of the parties under their respective representations and warranties will expire as of the expiration of the applicable Survival Period; provided, however, that such expiration will not include, extend or apply to any representation or warranty, the breach of which has been asserted by a party in a written notice to the breaching party before such expiration. The covenants and agreements of the parties in this Agreement and the Transaction Documents will survive the Closing and will continue in full force and effect without limitation.

10.2. Indemnification by Seller. Following the Closing, Seller will jointly and severally indemnify, defend and hold harmless Buyer and its shareholders and its and their respective Affiliates, and the shareholders, directors, officers, partners, members, employees, agents, successors and assigns of any of such Persons and any Person claiming by or through any of them, from and against all Losses of or to Buyer or any such other indemnified Person resulting from or arising out of (a) any breach of any representation or warranty made by Seller in this Agreement (without regard to any materiality or similar qualifications contained therein), (b) any breach of any covenant, agreement or obligation of Seller contained in this Agreement, and (c) any liability or

obligation of Seller or relating to the Business not included in the Assumed Obligations and Liabilities.

10.3. Indemnification by Buyer. Following the Closing, Buyer will indemnify, defend and hold harmless Seller and Seller's shareholders, directors, officers, partners, members, employees, agents, successors and assigns, and any Person claiming by or through any of them, from and against all Losses of or to Seller or any such other indemnified Person resulting from or arising out of (a) any breach of any representation or warranty made by Buyer in this Agreement (without regard to any materiality or similar qualifications contained therein), (b) any breach of any covenant, agreement or obligation of Buyer contained in this Agreement, (c) the failure by Buyer to assume and perform the Assumed Obligations and Liabilities, and (d) if Buyer waives the condition to Closing contained in Section 7.2.4 that the Franchise Consent Ratio equal or exceed 90%, the transfer of Assets to Buyer without having obtained the scheduled Required Consents (or deemed consents) with respect to any Franchise; provided, however, in no event shall clause (d) hereof be interpreted to reduce Buyer's rights to recover with respect to any breaches by Seller of its representations, warranties or covenants.

10.4. Third Party Claims. Promptly after the receipt by any party of notice of any claim, action, suit or proceeding by any Person who is not a party to this Agreement (collectively, an "Action"), which Action is subject to indemnification under this Agreement, such party (the "Indemnified Party") will give reasonable written notice to the party from whom indemnification is claimed (the "Indemnifying Party"). The Indemnified Party will be entitled, at the sole expense and liability of the Indemnifying Party, to exercise full control of the defense, compromise or settlement of any such Action unless the Indemnifying Party, within a reasonable time after the giving of such notice by the Indemnified Party, (a) notifies the Indemnified Party in writing of the Indemnifying Party's intention to assume such defense, (b) agrees in writing to the Indemnified Party to assume and pay the Indemnified Party's losses resulting from such Action, and (c) retains legal counsel reasonably satisfactory to the Indemnified Party to conduct the defense of such Action. The other party will cooperate with the party assuming the defense, compromise or settlement of any such Action in accordance with this Agreement in any manner that such party reasonably may request. If the Indemnifying Party so assumes the defense of any such Action, the Indemnified Party will have the right to employ separate counsel and to participate in (but not control) the defense, compromise or settlement of the Action, but the fees and expenses of such counsel will be at the expense of the Indemnified Party, unless (i) the Indemnifying Party has agreed to pay such fees and expenses, (ii) any relief other than the payment of money damages is sought against the Indemnified Party or (iii) the Indemnified Party has been advised by its counsel that there may be one or more defenses available to it which are different from or additional to those available to the Indemnifying Party, and in any such case that portion of the reasonable out of pocket fees and expenses of such separate counsel that are reasonably related to matters covered

by the indemnity provided in this Section 10 will be paid by the Indemnifying Party, provided that the Indemnifying Party will not be obligated to pay the expenses of more than one separate counsel in each jurisdiction for each Indemnified Party so entitled to separate counsel. Expenses of counsel to the Indemnified Party will be reimbursed on a current basis by the Indemnifying Party if such expenses are a liability of the Indemnifying Party and if there is no dispute as to the applicability of indemnification. No Indemnified Party will settle or compromise any such Action for which it is entitled to indemnification under this Agreement without the prior written consent of the Indemnifying Party (not to be unreasonably withheld), unless the Indemnifying Party has failed, after reasonable notice, to undertake control of such Action in the manner provided in this Section 10.4. No Indemnifying Party will settle or compromise any such Action without the prior written consent of the Indemnified Party (not to be unreasonably withheld); provided, however, in any Action (i) in which any relief other than the payment of money damages is sought against any Indemnified Party or (ii) in the case of any Action relating to the Indemnified Party's liability for any Tax, if the effect of such settlement would be an increase in the liability of the Indemnified Party for the payment of any Tax for any period beginning after the Closing Date, the consent of the Indemnified Party may be withheld by the Indemnified Party in its sole and absolute discretion.

10.5. Limitations on Indemnification - Seller. Seller will not be liable for indemnification arising under Section 10.2(a) for any Losses of or to Buyer or any other person entitled to indemnification from Seller unless the amount of such Losses for which Seller would, but for the provisions of this Section 10.5, be liable plus the amounts for which Seller's Affiliates would be liable under Section 10.2(a) of the Related Agreement (disregarding the provisions of Section 10.5 of the Related Agreement) exceeds, on an aggregate basis, $2,700,000 (the "Threshold Amount,") provided that in determining whether the Threshold Amount has been exceeded, there will not be included any Losses arising from any single claim that is less than $10,000. If the Threshold Amount is exceeded, Seller will be jointly and severally liable for the full amount of all Losses (including any single claims for Losses of less than $10,000), which amount will be due and payable within 15 days after the later of (a) the date Seller receives a statement therefor and (b) the date an Action with respect to such Losses is settled or decided in accordance with section 10.4. Seller will not be liable for punitive damages assessed for Buyer's conduct. The maximum aggregate amount that Seller and its Affiliates will be required to pay for indemnification arising under Section 10.2(a) of this Agreement and Section 10.2(a) of the Related Agreement in respect of all claims by all indemnified parties is $53,500,000. Notwithstanding the preceding, neither the minimum nor maximum limits specified in this Section 10.5 will apply to: (i) the obligation to pay post-Closing adjustments pursuant to Section 3.3; (ii) Seller's breach of its representations and warranties that it has title to, and the absence of Encumbrances (other than Permitted Encumbrances) on, the Assets owned by Seller; or (iii) any indemnification claims pursuant to Section 10.2(b) or 10.2(c), irrespective of whether such claims also constitute claims under Section 10.2(a)).

10.6. Limitations on Indemnification - Buyer. Buyer will not be liable for indemnification arising under Section 10.3(a) for any Losses of or to Seller or any other person entitled to indemnification from Buyer unless the amount of such Losses for which Buyer would, but for the provisions of this Section 10.6, be liable plus the amounts for which Buyer's Affiliates would be liable under Section 10.3(a) of the Related Agreement (disregarding the provisions of Section 10.6 of the Related Agreement) exceeds, on an aggregate basis, the Threshold Amount, provided that in determining whether the Threshold Amount has been exceeded, there will not be included any Losses arising from any single claim that is less than $10,000. If the Threshold Amount is exceeded, Seller will be liable for the full amount of all Losses (including any single claims for Losses of less than $10,000), which amount will be due and payable within 15 days after the later of (a) the date Buyer receives a statement therefor and (b) the date an Action with respect to such Losses is settled or decided in accordance with section 10.4. Buyer will not be liable for punitive damages assessed for Seller's conduct. The maximum aggregate amount that Buyer and its Affiliates will be required to pay for indemnification arising under Section 10.3(a) of this Agreement and Section 10.3(a) of the Related Agreement in respect of all claims by all indemnified parties is $53,500,000. Notwithstanding the preceding, neither the minimum nor maximum limits specified in this Section 10.6 will apply to: (i) the obligation to pay the Purchase Price, as adjusted; (ii) the obligation to pay post-Closing adjustments pursuant to Section 3.3; (iii) Buyer's obligation to assume and perform the Assumed Obligations and Liabilities; or (iv) any indemnification claims pursuant to Section 10.3(b), 10.3(c) or 10.3(d), irrespective of whether such claims also constitute claims under Section 10.3(a)).

10.7. Sole Remedy. Each party acknowledges and agrees that, should the Closing occur, its sole and exclusive remedy against the other with respect to any breach of representation, warranty, covenant, agreement or obligation (other than any claim based on fraud or intentional tort) will be pursuant to the indemnification provisions set forth in this Section 10.

10.8. Treatment of Indemnity and Other Payments. All indemnity and other payments made under this Agreement will be treated for all Tax purposes as adjustments to the Purchase Price.

11. MISCELLANEOUS.

11.1. Parties Obligated and Benefited. Subject to the limitations set forth below, this Agreement will be binding upon the parties and their respective permitted assigns and successors in interest and will inure solely to the benefit of the parties and their respective permitted assigns and successors in interest, and no other Person will be entitled to any of the benefits conferred by this Agreement. Without the prior written consent of the other party, no party will assign any of its rights under this Agreement or delegate any of its duties under this Agreement; provided, however, either party may assign its rights to an Affiliate so long as the assigning party continues to be bound by the terms of this

Agreement. In addition, Seller may assign its rights under this Agreement (but not obligations) to a qualified intermediary within the meaning of Code Section 1.1031(k)-1(g)(4)(iii) ("Qualified Intermediary") and Buyer will cooperate with Seller as may be reasonably necessary in connection with such assignment and the deferred tax-free exchange to be accomplished in connection therewith, including acknowledging the execution of a written agreement between Seller and the Qualified Intermediary. Notwithstanding the foregoing, Buyer's cooperation and Seller's attempt at such an exchange will not extend to any act or omission which may have the effect of (i) impairing the title to the Assets; (ii) impairing Buyer's rights and remedies under this Agreement (including Buyer's rights to indemnification, to the assurances provided by Seller's representations and warranties, to close the transaction contemplated by the Agreement within the time and in the manner specified), (iii) increasing Buyer's obligations or liability hereunder or resulting in any additional cost, expense or liability to Buyer. Buyer may demand reasonable assurances from Seller to such effect prior to entering into any agreement or consenting to any assignment of Seller's rights or obligations hereunder. Further, Seller covenants and agrees that (i) the restructuring of the subject transaction to qualify for exchange treatment will not prevent nor delay the Closing beyond the date set forth in the Agreement, (ii) Buyer will not be required to take title to any property other than the Assets, (iii) Seller's attempt to effect a tax deferred exchange will in no event be a condition to the Closing, and (iv) Seller will, and hereby agrees to, indemnify, defend and hold Buyer harmless from and against any and all Losses threatened against, suffered or incurred by Buyer by reason of any such cooperation and/or Seller's attempt at exchange treatment.

11.2. Notices. Any notice, request, demand, waiver or other communication required or permitted to be given under this Agreement will be in writing and will be deemed to have been duly given only if delivered in person or by first class, prepaid, certified mail, or sent by courier or, if receipt is confirmed, by telecopier:

To Buyer at: c/o Charter Communications, Inc.
12444 Powerscourt Drive, Suite 100
St. Louis, Missouri 63124
Attention: Curtis S. Shaw, Esq.
Senior Vice President, General Counsel
& Secretary
Fax: (314) 965-8793

With a copy (which will not constitute notice) to:
Irell & Manella LLP
1800 Avenue of the Stars, Suite 900
Los Angeles, California 90067
Attention: Alvin G. Segel, Esq.
Fax: (310) 203-7199

To Seller at: c/o AT&T Broadband, LLC
188 Inverness Drive West
Englewood, Colorado 80112
Attention: Alfredo Di Blasio
Fax: (303) 858-3456

With a copy similarly addressed to the attention of Karla Tartz, Esq., Fax: (303) 858-3487.

With a copy (which will not constitute notice) to:
Sherman & Howard, L.L.C.
633 Seventeenth Street
Suite 3000
Denver, Colorado 80202
Attention: Gregory J. Ramos, Esq.
Fax: (303) 298-0940

Any party may change the address to which notices are required to be sent by giving notice of such change in the manner provided in this Section 11.2. All notices will be deemed to have been received on the date of actual receipt.

11.3. Attorneys' Fees. In the event of any action or suit based upon or arising out of this Agreement, the prevailing party will be entitled to recover reasonable attorneys' fees and other costs of such action or suit from the other party.

11.4. Right to Specific Performance. The parties acknowledge that the unique nature of the transaction contemplated by this Agreement renders money damages an inadequate remedy for the breach by either party of its obligations under this Agreement, and each party agrees that in the event of such breach, the non-breaching party will, upon proper action instituted by it, be entitled to seek a decree of specific performance of this Agreement.

11.5. Disclaimer of Warranty. Buyer and Seller agree that the representations and warranties of Seller contained in this Agreement and the Transaction Documents constitute the sole representations and warranties of Seller to Buyer in connection with the transaction contemplated hereby. BUYER ACKNOWLEDGES THAT EXCEPT AS SET FORTH IN THIS AGREEMENT OR IN THE TRANSACTION DOCUMENTS, SELLER DISCLAIMS ANY REPRESENTATION OR WARRANTY OF MERCHANTABILITY, USAGE, SUITABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE WITH RESPECT TO THE ASSETS OR ANY PART THEREOF.

11.6. Waiver. This Agreement or any of its provisions may not be waived except in writing. The failure of any party to enforce any right arising under this Agreement on one or more occasions will not operate as a waiver of that or any other right on that or any other occasion.

11.7. Captions. The captions of this Agreement are for convenience only and do not constitute a part of this Agreement.

11.8. Choice of Law. THIS AGREEMENT AND THE RIGHTS OF THE PARTIES UNDER IT WILL BE GOVERNED BY AND CONSTRUED IN ALL RESPECTS IN ACCORDANCE WITH THE LAWS OF THE STATE OF DELAWARE, WITHOUT REGARD TO THE CONFLICTS OF LAWS RULES OF DELAWARE.

11.9. Terms. Terms used with initial capital letters will have the meanings specified, applicable to both singular and plural forms, for all purposes of this Agreement. The word "include" and derivatives of that word are used in this Agreement in an illustrative sense rather than limiting sense. Whenever the context may require, any pronoun will include the corresponding masculine, feminine and neuter forms. All references herein to Articles, Sections, Exhibits and Schedules will be deemed to be references to Articles and Sections of, and Exhibits and Schedules to, this Agreement unless the context will otherwise require. All Exhibits and Schedules attached hereto will be deemed incorporated herein as if set forth in full herein and, unless otherwise defined therein, all terms used in any Exhibit or Schedule will have the meaning ascribed to such term in this Agreement. The words "hereof," "herein" and "hereunder" and words of similar import when used in this Agreement will refer to this Agreement as a whole and not to any particular provision of this Agreement. Unless otherwise expressly provided herein, any agreement, instrument or statute defined or referred to herein or in any agreement or instrument that is referred to herein means such agreement, instrument or statute as from time to time amended, modified or supplemented, including (in the case of agreements or instruments) by waiver or consent and (in the case of statutes) by succession of comparable successor statutes and references to all attachments thereto and instruments incorporated therein. All accounting terms not otherwise defined in this Agreement will have the same meanings ascribed to them under generally acceptable accounting principles as in effect from time to time in the United States, consistently applied.

11.10. Rights Cumulative. Subject to the limitations set forth in Section 10.7, all rights and remedies of each of the parties under this Agreement will be cumulative, and the exercise of one or more rights or remedies will not preclude the exercise of any other right or remedy available under this Agreement or applicable law.

11.11. Further Actions. Seller and Buyer will execute and deliver to the other, from time to time at or after the Closing, for no additional consideration and at no additional cost to the requesting party, such further assignments, certificates, instruments, records, or other documents, assurances or things as may be reasonably necessary to give full effect to this Agreement and to allow each party fully to enjoy and exercise the rights accorded and acquired by it under this Agreement. Seller will, upon Buyer's request given at any time after

the Closing through the date that is 15 months following the Closing, provide Buyer with a duly executed assignment in recordable form for each Real Property lease assigned to Buyer at Closing pursuant to the Bill of Sale, which lease is, or as to which a memorandum of lease is, recorded in the applicable public real property records.

11.12. Time. Time is of the essence under this Agreement. If the last day permitted for giving of any notice or the performance of any act required or permitted under this Agreement falls on a day which is not a Business Day, the time for the giving of such notice or the performance of such act will be extended to the next succeeding Business Day.

11.13. Late Payments. If either party fails to pay the other any amounts when due under this Agreement, the amounts due will bear interest from the due date to the date of payment at the annual rate publicly announced from time to time by The Bank of New York as its prime rate (the "Prime Rate") plus 3%, adjusted as and when changes in the Prime Rate are made.

11.14. Counterparts. This Agreement may be executed in counterparts, each of which will be deemed an original. This Agreement will become binding when one or more counterparts, individually or taken together, bear the signatures of all parties to this Agreement. Delivery of an executed signature page of this Agreement by facsimile transmission will constitute effective and binding execution and delivery of this Agreement.

11.15. Entire Agreement. This Agreement (including the Schedules and Exhibits referred to in this Agreement, which are incorporated in and constitute a part of this Agreement), other Agreements entered into by Buyer, Seller and their respective Affiliates as of the date of this Agreement, and the Transaction Documents contain the entire agreement of the parties with respect to the subject matter hereof and supersede all prior oral or written agreements and understandings with respect to the subject matter. This Agreement may not be amended or modified except by a writing signed by the parties.

11.16. Severability. Any term or provision of this Agreement which is invalid or unenforceable will be ineffective to the extent of such invalidity or unenforceability without rendering invalid or unenforceable the remaining rights of the Person intended to be benefited by such provision or any other provisions of this Agreement.

11.17. Construction. This Agreement has been negotiated by Buyer and Seller 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 will not apply in any construction or interpretation of this Agreement.

11.18. Expenses. Except as otherwise expressly provided in this Agreement, each party will pay all of its expenses, including attorneys' and accountants' fees, in connection with the negotiation of this Agreement, the performance of its obligations and the consummation of the transactions contemplated by this Agreement.

11.19. Commercially Reasonable Efforts. For purposes of this Agreement, unless a different standard is expressly provided with respect to any particular matter, any requirement herein that a party use "commercially reasonable efforts" will not be deemed to require that party to undertake extraordinary measures, including the initiation or prosecution of legal proceedings or the payment of amounts in excess of normal and usual filing fees and processing fees, if any.

[SIGNATURE PAGE FOLLOWS]

The parties have executed this Agreement as of the day and year first above written.

FALCON CABLE SYSTEMS COMPANY II, L.P.

By: /s/ Curtis S. Shaw

Curtis S. Shaw
Senior Vice President

AT&T BROADBAND, LLC

COMMUNICATION SERVICES, INC.

OHIO CABLEVISION NETWORK, INC.

TCI CABLEVISION OF CALIFORNIA, INC.

TCI WASHINGTON ASSOCIATES, L.P.

Each by: /s/ Alfredo Di Blasio

Alfredo Di Blasio
Authorized Signatory

EXHIBIT 2.14(d)
CONFORMED COPY

REORGANIZATION AGREEMENT

AMONG

CHARTER COMMUNICATIONS, INC.

ON THE ONE HAND

AND

TCI CABLEVISION OF NEVADA, INC. AND TCI WEST, INC.
ON THE OTHER HAND

DATED AS OF

FEBRUARY 26, 2001

NEVADA/CALIFORNIA

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LIST OF EXHIBITS AND SCHEDULES

REORGANIZATION AGREEMENT

This Reorganization Agreement ("Agreement") is made as of the 26th day of February, 2001, by and among TCI West, Inc., a Delaware corporation ("AT&T Parent"), TCI Cablevision of Nevada, Inc., a Nevada corporation ("Seller"), and Charter Communications, Inc., a Delaware corporation ("Buyer").

RECITALS

A. This Agreement sets forth the terms upon which Seller will convey, or cause to be conveyed, to a newly-formed Delaware limited liability company wholly owned by Seller ("Company") substantially all of the assets of the Business (as defined below), and Seller will thereafter transfer to Buyer all of its interest in Company.

B. Seller and Buyer intend that, for federal income tax purposes, the acquisition and transfer contemplated by this Agreement will qualify as a "reorganization" under the provisions of Section 368(a) of the Code, and the rules and regulations promulgated thereunder.

C. This Agreement is being made concurrently with that Asset Purchase Agreement among Falcon Cable Systems Company II, L.P., on the one hand, and AT&T Broadband, LLC, Communication Services, Inc., Ohio Cablevision Network, Inc., TCI Cablevision of California, Inc., TCI Washington Associates, L.P., on the other (the "Related Agreement").

D. The purpose of this Agreement is to set forth the definitive terms upon which such transfers will take place.

AGREEMENTS

In consideration of the above recitals and the mutual agreements stated in this Agreement, the parties agree as follows:

1. DEFINITIONS.

In addition to terms defined elsewhere in this Agreement, the following capitalized terms, when used in this Agreement, will have the meanings set forth below:

1.1. 1992 Cable Act. The Cable Television Consumer Protection and Competition Act of 1992, as amended, and the FCC rules and regulations promulgated thereunder.

1.2. Affiliate. 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. For purposes of this Agreement, At Home Corporation and its subsidiaries and Liberty Media Corporation and its subsidiaries will not be treated as Affiliates of Seller.

1.3. Assets. All assets, properties, privileges, contracts, licenses, permits, franchises, authorizations, rights, interests, claims and other properties, real and personal, tangible and intangible, of every type and description (a) that are owned, leased, held for use or used in the Business, and (b) in which Seller or any of its Affiliates has any right, title or interest or in which Seller or any of its Affiliates acquires any right, title or interest on or before the Closing Time. The Assets include the Franchises, Licenses, Intangibles, Contracts, Equipment (including Equipment used by AT&T Broadband Network Solutions, Inc. ("NSI"), solely in connection with the provision of services associated with the Systems or reflected in the Financial Statements, including under the Contracts between NSI and Third Parties listed on SCHEDULE 4.6), Books and Records, Real Property and deposits relating to the Business that are held by Third Parties for the account of Seller or for security for Seller's performance of its obligations, but excluding any Excluded Assets and any assets disposed of prior to the Closing Date in the ordinary course of business and not in violation of this Agreement.

1.4. AT&T. AT&T Broadband, LLC, a Delaware limited liability company.

1.5. Average Trading Price. With respect to the Charter Class A Common Stock, the average for the Valuation Period of (i) the last reported sales prices, regular way, as reported on the principal national securities exchange on which such securities are listed or admitted for trading on each Trading Day during the Valuation Period or (ii) if such securities are not listed or admitted for trading on any national securities exchange, the last reported sales prices, regular way, as reported on the Nasdaq National Market or, if such securities are not listed on the Nasdaq National Market, the average of the highest bid and lowest asked prices on each such Trading Day as reported on the Nasdaq Stock Market, or (iii) if such securities are not listed or admitted to trading on any national securities exchange, the Nasdaq National Market or the Nasdaq Stock Market, the average of the highest bid and lowest asked prices on each such Trading Day in the domestic over-the-counter market as reported by the National Quotation Bureau, Incorporated, or any similar successor organization (subject to adjustments to prevent dilution as provided in Section 3.2).

1.6. Basic Services. The lowest tier of service offered to subscribers of a System.

1.7. Books and Records. All engineering records, files, data, drawings, blueprints, schematics, as-built System maps, reports, lists, title policies and title

reports, plans, surveys, procedures and processes and all other files of correspondence, lists, records, agreements, amendments, notices, consents and reports to the extent concerning the Assets or the Business, including subscribers and prospective subscribers of the Systems, signal and program carriage and dealings with Governmental Authorities with respect to the Systems, including all reports filed with respect to the Systems by or on behalf of Seller or any of its Affiliates with the FCC and statements of account filed with respect to the Systems by or on behalf of Seller or any of its Affiliates with the U.S. Copyright Office, but excluding all corporate records, all financial and tax records not solely related to the operation of the Systems, and all documents, reports and records relating to any of the System Employees.

1.8. Business. The cable television business and other revenue-generating businesses and operations relating to the Systems that are conducted by Seller or any of its Affiliates through the Systems.

1.9. Business Day. Any day other than Saturday, Sunday or a day on which banking institutions in Denver, Colorado or New York, New York are required or authorized to be closed.

1.10. Charter Class A Common Stock. Shares of Class A Common Stock of Charter.

1.11. Charter Class A Per Share Value. Either (a) the Average Trading Price, or (b) if the Average Trading Price is less than the Minimum Per Share Value, the Minimum Per Share Value, or (c) if the Average Trading Price is greater than the Maximum Per Share Value, the Maximum Per Share Value.

1.12. Closing. The consummation of the transactions contemplated by this Agreement, as described in Section 8.

1.13. Closing Date. The date on which the Closing occurs.

1.14. Closing Time. 11:59 p.m., local time at the location of the Assets, as applicable, on the Closing Date.

1.15. Communications Act. The Communications Act of 1934, as amended, and the rules and regulations of the FCC promulgated thereunder and currently in effect. Section 626 of the Communications Act refers to 47 U.S.C. section 546.

1.16. Contracts. All contracts, bonds, indentures, leases, notes, certificates, options, warrants, rights and other instruments, documents, obligations and agreements (in each case, other than Franchises, Licenses and those relating to Real Property), whether written or oral, to which Seller or any of its Affiliates is a party and which relate to the operation of the Business, including the lease agreements for Equipment, pole attachment agreements,

underground conduit agreements, retransmission consent agreements, and multiple dwelling bulk billing or commercial service agreements.

1.17. Encumbrance. Any mortgage, lien, security interest, security agreement, conditional sale or other title retention agreement, consignment or bailment given for purposes of security, indenture, pledge, option, encumbrance, deed of trust, constructive trust or other trust, claim, attachment, charge, assessment, restriction on transfer or any exception to or defect in title or other ownership (legal or equitable) interest (including reservations, rights of way, possibilities of reverter, encroachments, protrusions, easements, rights of entry, rights of first refusal, rights of first offering, restrictive covenants, conditions, leases and licenses) of any kind, which constitutes an interest in property, whether arising pursuant to any Legal Requirement, License, Franchise, Contract or otherwise.

1.18. Environmental Law. Any applicable Legal Requirement relating to pollution or governing the protection of the environment, including CERCLA, OSHA, and RCRA and including Legal Requirements relating to emissions, discharges, releases or threatened releases of Hazardous Substances into the environment (including ambient air, surface water, ground water or land) or otherwise relating to the manufacture, processing, distribution, use, treatment, storage, disposal, transport, handling or presence of Hazardous Substances.

1.19. Equipment. All electronic devices, trunk and distribution coaxial and optical fiber cable, headend amplifiers, line amplifiers, drops, power supplies, conduit, vaults and pedestals, grounding and pole hardware, towers (other than towers on owned Real Property which are fixtures thereon and a part thereof), tower equipment, distribution systems, microwave equipment, subscriber's devices (including converters, encoders, transformers behind television sets and fittings), headend hardware (including origination, earth stations, transmission and distribution system), test equipment, vehicles, office equipment, computers and billing equipment, furniture, fixtures, supplies, inventory and other tangible personal property owned or leased by Seller or any of its Affiliates and used in the Business.

1.20. Equivalent Basic Subscribers (or EBSs). As of any date of determination and for each Service Area served by a System, the sum of (a) the total number of private residential customer accounts that are billed by individual unit for at least Basic Services (regardless of whether such accounts are in single-family homes or in individually billed units in apartment buildings or other multi-unit buildings), but exclusive of "second connects" and "additional outlets" as such terms are commonly understood in the cable television industry; and (b) the quotient of (i) the total monthly billings for sales of Basic Services and Expanded Basic Services by such System for such Service Area during the most recent billing period ended prior to the date of calculation to commercial, bulk-billed and other accounts not billed by individual unit (whether on a discounted or non-discounted basis), but excluding billings in

excess of a single month's charges for any account, divided by (ii) the standard monthly combined rate (without discount of any kind) charged by such System for such Service Area to individually billed subscribers for Basic Services and Expanded Basic Services offered by such System in effect during such billing period. For purposes of calculating the number of EBSs, there will be excluded: (A) all accounts billed by individual unit that are, and all billings to any commercial, bulk-billed and other accounts not billed by individual unit that are, more than 60 days past due in the payment of any amount in excess of the lesser of $7.50 or the standard rate charged for Basic Services at the time of determination; (B) any accounts billed by individual unit and all commercial, bulk-billed and other accounts not billed by individual unit that, as of the date of calculation, have not paid in full the charges for at least one full month of the subscribed service; (C) that portion of the billings to all accounts billed by individual unit included in clause (b) above and any commercial bulk-billed and other accounts not billed by individual unit representing an installation or other non-recurring charge, a charge for equipment or for any outlet or connection other than the first outlet or first connection in any individually billed unit or, with respect to a bulk account, in any residential unit (e.g., an individual apartment or rental unit), a charge for any tiered service other than Expanded Basic Services (whether or not included within Pay TV), any charge for Pay TV or a pass-through charge for sales Taxes, line-itemized franchise fees, fees charged by the FCC and the like; (D) any individually billed unit and all billings to any commercial, bulk-billed and other accounts not billed by individual unit whose service is pending disconnection for any reason; (E) any individually billed unit and all billings to any commercial, bulk-billed and other accounts not billed by individual unit that was solicited within the 60-day period preceding the Closing Date to purchase such services by promotions or offers of discounts other than those ordinarily made by Seller; and (F) any account for which Basic Services are provided free of charge.

1.21. Excluded Assets. All:

1.21.1. Programming Contracts (including music programming Contracts and Contracts with Starz!/Encore), cable guide Contracts (including TV Guide and interactive programming guide Contracts), and Contracts to which other cable systems of Seller or its Affiliates are subject (including the NCE Agreement, Contracts between Seller and its Affiliates and NSI, master retransmission consent Contracts, master billing Contracts and master multiple dwelling unit Contracts (but not any subordinate multiple dwelling unit Contracts that incorporate the terms of such master Contracts by reference)), other than any such Contracts (or interests therein) listed on SCHEDULE 4.6;

1.21.2. Seller Plans (as defined in Section 4.15.2) and any cash, reserve, trust or funding arrangement held or set aside for the payment of benefits under such Seller Plans;

1.21.3. Insurance policies and rights and claims under insurance policies (except as otherwise provided in Section 6.9);

1.21.4. Bonds, letters of credit, surety instruments and other similar items;

1.21.5. Except for petty cash to the extent transferred to Buyer, cash and cash equivalents, including cash relating to subscriber prepayments and deposits, and notes receivable;

1.21.6. Subject to Buyer's rights under Section 6.12, trademarks, trade names, service marks, service names, logos, patents, copyrights and other intellectual property or proprietary rights of Seller or any of its Affiliates, except for software which is not an Excluded Asset under Section 1.21.14;

1.21.7. Subscriber billing Contracts and related equipment if not owned by Seller or any of its Affiliates;

1.21.8. Assets, rights and properties of Seller or its Affiliates used or held for use other than primarily in connection with the business operations of the Systems; provided, however, notwithstanding the foregoing, Assets which produce revenues that are set forth on the Financial Statements will not constitute Excluded Assets pursuant to this Section 1.21.8;

1.21.9. Except (a) accounts receivable and (b) any other claim, right or interest to the extent reflected in the adjustment to the Purchase Price determined pursuant to Section 3.3, all claims, rights and interests in and to any refunds of, or amounts credited against, Taxes or fees of any nature, including franchise and copyright fees, or any other claims against Third Parties, relating to the operation of the Systems prior to the Closing Time;

1.21.10. Except as set forth on SCHEDULE 4.6, any employment, compensation, bonus, deferred compensation, consulting, collective bargaining agreements, agency or management Contracts;

1.21.11. All Business documents and records not included in the Books and Records (provided that copies of personnel files will be made available to Buyer for a period of three years after the Closing Date upon reasonable request by Buyer accompanied by a waiver and release from the employee whose records are sought in form and substance reasonably satisfactory to Seller);

1.21.12. Capital and vehicle leases;

1.21.13. Advertising sales agency or representation Contracts providing any Third Party or Affiliate of Seller the right to sell available advertising time for a System (including any Contract with National Cable

Communications or Cable Networks, Inc.), other than any such Contract disclosed on SCHEDULE 4.6;

1.21.14. Proprietary software of Seller or its Affiliates and licenses relating to Third Party software and maintenance agreements with respect thereto, other than transferable licenses relating to Third Party software installed on computers included in the Assets;

1.21.15. Contracts for Internet access or on-line service arrangements that provide to any Third Party or Affiliate of Seller the right to use the transmission capacity of a System to provide Internet access or other on-line services over such System, other than those disclosed on SCHEDULE 4.6;

1.21.16. Contracts and related accounts receivable for providing DMX service to commercial accounts via direct broadcast satellite;

1.21.17. Contracts for telephony services to be provided to subscribers of the Systems through the Assets;

1.21.18. Intercompany receivables; and

1.21.19. The assets specifically disclosed on SCHEDULE 1.21.

1.22. Expanded Basic Service. Any video programming provided over a System, regardless of service tier, other than Basic Services, any new product tier and Pay TV.

1.23. FCC. The Federal Communications Commission and any successor Governmental Authority.

1.24. Franchises. The franchises, permits and similar authorizations included among the Assets (other than Licenses) described on SCHEDULE 4.5, and all rights and benefits of Seller and its Affiliates pertaining thereto, including the rights and benefits arising under Section 626 of the Communications Act to the extent applicable to Franchises.

1.25. GAAP. Generally accepted accounting principles as in effect from time to time in the United States of America.

1.26. Governmental Authority. (a) The United States of America; (b) any state, commonwealth, territory or possession of the United States of America and any political subdivision thereof (including counties, municipalities and the like); or (c) any agency, authority or instrumentality of any of the foregoing, including any court, tribunal, department, bureau, commission, board or quasi-governmental authority.

1.27. Hazardous Substances. Any pollutant, contaminant, chemical, industrial, toxic, hazardous or noxious substance or waste which is regulated by

a Governmental Authority, including (a) any petroleum or petroleum compounds (refined or crude), flammable substances, explosives, radioactive materials or any other materials or pollutants; (b) any "hazardous waste" as defined by the Resource Conservation and Recovery Act of 1976 (RCRA) (42 U.S.C.Sections 6901 et seq.), as amended, and the rules and regulations promulgated thereunder; (c) any "hazardous substance" as defined by the Comprehensive Environmental Response, Compensation and Liability Act of 1980 (42 U.S.C.Sections 9601 et seq.) (CERCLA), as amended, and the rules and regulations promulgated thereunder; (d) any substance regulated by the Toxic Substances Control Act (TSCA) (42 U.S.C.Sections 2601 et seq.), or the Federal Insecticide, Fungicide and Rodenticide Act (FIFRA) (7 U.S.C.Sections 136 et seq.), each as amended, and the rules and regulations promulgated thereunder; (e) asbestos or asbestos-containing material of any kind or character; (f) polychlorinated biphenyls; (g) any substances regulated under the provisions of Subtitle I of RCRA relating to underground storage tanks; and (h) any materials or substances designated as "hazardous substances" pursuant to the Clean Water Act (33 U.S.C. Sec. 1251 et seq.); (i) any substance the presence, use, handling, treatment, storage or disposal of which is regulated or prohibited by any Environmental Law (j) any other substance which by any Environmental Law requires special handling, reporting or notification of any Governmental Authority in its collection, storage, use, treatment or disposal or (k) any other substance which is regulated by or pursuant to any Environmental Law.

1.28. Intangibles. Subscriber lists, accounts receivable, claims (excluding any claims relating to Excluded Assets), goodwill, if any, and any other intangible asset owned or held by Seller and used in the Business.

1.29. Knowledge. The actual knowledge of a particular matter of (a) one or more of the principal corporate personnel of Seller involved in the transactions contemplated by this Agreement, including Alfredo Di Blasio, Dan Buchanan, Karla Tartz, Marsha Berkbigler, Frank Mingolla, Lafawn Vannest and Judge Smith, or (b) any of the general managers (or holders of positions of equivalent responsibility) of the Systems.

1.30. Legal Requirement. Any statute, ordinance, code, law, rule, regulation, permit, approval, order or other written requirement, standard or procedure enacted, adopted or applied by any Governmental Authority, including any judgment, writ, order, injunction, award or decree of any court, judge, justice or magistrate, including any bankruptcy court or judge or the arbitrator in any binding arbitration.

1.31. Licenses. The intangible cable television channel distribution rights, cable television relay service ("CARS"), business radio and other licenses, earth station registrations, authorizations, consents or permits issued by the FCC or any other Governmental Authority and related to the Business, including material state and local business licenses, including those described on

SCHEDULE 4.5 (other than the Franchises) and all rights and benefits of Seller and its Affiliates pertaining thereto.

1.32. Losses. Any claims, losses, liabilities, damages, penalties, costs and expenses, including interest that may be imposed in connection therewith, expenses of investigation, reasonable fees and disbursements of counsel and other experts and settlement costs.

1.33. Material Adverse Effect. A material adverse effect on the Assets, the Business, the operations, condition (financial or otherwise) or results of operations of the Systems taken as a whole, or on the ability of Seller to perform its obligations under this Agreement, but without taking into account any effect resulting from (i) changes in conditions (including economic conditions, changes in FCC regulations or federal governmental actions, legislation or regulations) that are applicable to the economy or the cable television industry on a national basis, (ii) any changes in technology affecting the Business, or (iii) any competition from the direct broadcast satellite industry.

1.34. Maximum Per Share Value. An amount agreed to by the Parties, subject to adjustment as specified in Section 3.2.2.

1.35. Minimum Per Share Value. An amount agreed to by the Parties, subject to adjustment as specified in Section 3.2.2.

1.36. MVPD. A distributor of cable television services, multichannel multi-point distribution service, direct broadcast satellite service or television receive only satellite programming, who makes available for purchase, by subscribers or customers, multiple channels of video programming, other than Persons distributing such services only to multiple dwelling unit or other commercial customers (including hotels, motels, resorts, hospitals, dormitories, prisons, restaurants, bars and similar establishments).

1.37. Pay TV. Premium programming services selected by and sold to subscribers of the Systems on an a la carte basis for fees in addition to the fee for Basic Services or Expanded Basic Services.

1.38. Permitted Encumbrances. The following Encumbrances: (a) liens for Taxes, assessments and governmental charges not yet due and payable; (b) zoning laws and ordinances and similar Legal Requirements; (c) any right reserved to any Governmental Authority to regulate the affected property (including restrictions stated in the Franchises and Licenses); (d) in the case of any leased Asset, (i) the rights of any lessor and (ii) any Encumbrance granted by any lessor of such leased Asset; (e) inchoate materialmens', mechanics', workmen's, repairmen's or other like inchoate Encumbrances arising in the ordinary course of business which constitute Assumed Obligations and Liabilities; (f) in the case of owned Real Property, any easements, rights-of-way, servitudes, permits, restrictions and minor imperfections or irregularities in title

which do not individually or in the aggregate materially interfere with the right or ability to use, own, enjoy or operate the Real Property as currently being used and which do not impair the value of the Real Property or interfere with Seller's ability or right to convey good, marketable and indefeasible fee simple title to the owned Real Property (or in the case of leased or other Real Property, the right to convey such leasehold or other interest); (g) any Encumbrance (other than an Encumbrance securing a monetary obligation) that does not individually or in the aggregate interfere with the continued use of the Assets subject thereto in the operation of the Business as currently being used; and (h) those Encumbrances disclosed on SCHEDULE 1.38.

1.39. Person. Any natural person, corporation, partnership, trust, unincorporated organization, association, limited liability company, Governmental Authority or other entity.

1.40. Real Property. The Assets owned or leased by Seller or any of its Affiliates and used or useful in the Business consisting of realty, including appurtenances, improvements (including towers and headend storage buildings) and fixtures located on such realty, and any other interests in real property, including fee interests, leasehold interests and easements, rights of access, licenses, wire crossing permits, rights of entry (but not including interests in real property granted in Contracts in connection with services provided by Seller to the residents or occupants of such real property, including access and service Contracts with the owners of multiple dwelling unit complexes), options and rights of first refusal.

1.41. Required Consents. All authorizations, approvals and consents required under or in connection with any Legal Requirement or under any Assets, Franchises, Licenses, Real Property or Contracts required to be disclosed on SCHEDULE 4.6, for (a) Seller to transfer the Assets and the Business to Company (b) Seller to transfer the Company Interests to Buyer, and (c) Company to conduct the Business and to own, lease, use and operate the Assets and Systems at the places and in the manner in which the Business is conducted and the Systems are operated as of the date of this Agreement and on the Closing Date.

1.42. Service Area. The municipalities and counties in and around which Seller operates the Systems and the Business, which are disclosed on SCHEDULE 1.44.

1.43. System Employees. All employees of Seller or of any Affiliate of Seller who are primarily engaged in the operation of the Business.

1.44. Systems. The cable television systems listed on SCHEDULE 1.44, which operate in and around the Service Area.

1.45. Taxes. All levies and assessments of any kind or nature imposed by any Governmental Authority, including all income, sales, use, offer,

registration, ad valorem, value added, alternative or add-on minimum (including taxes under Section 59A of the Code), franchise, severance, net or gross proceeds, withholding, payroll, employment, social security (or similar), unemployment, disability, excise, real or personal property taxes and levies or assessments related to unclaimed property, together with any interest thereon and any penalties, additions to Tax or additional amounts applicable thereto, whether disputed or not.

1.46. Third Party. Any Person other than Seller or Buyer and their respective Affiliates.

1.47. Trading Day. A day on which the principal national securities exchange on which the Charter Class A Common Stock is listed or admitted to trading, or the Nasdaq National Market or the Nasdaq Stock Market, as applicable, if such securities are not listed or admitted to trading on any national securities exchange, is open for the transaction of business (unless such trading shall have been suspended for the entire day) or, if such securities are not listed or admitted to trading on any national securities exchange, the Nasdaq National Market or the Nasdaq Stock Market, any day other than a Saturday, Sunday, or other day on which commercial banking institutions in New York, New York are required or authorized by law to remain closed.

1.48. Transaction. The purchase, sale and reorganization transaction contemplated by this Agreement.

1.49. Valuation Period. The 30 full Trading Days ending on the second to last Trading Day prior to the Closing Date (i.e., if the Closing Date were June 29, 2001, the last Trading Day of the Valuation Period would be June 27, 2001).

1.50. Other Definitions. The following terms are defined in the Sections indicated:

Term	Section
Action	10.4
Agreement	preamble
Antitrust Division	6.7
Apportioned Obligations	6.10.2
Approved Leave of Absence	6.3.1
Assumed Obligations and Liabilities	2.2
AT&T Parent	preamble
Beneficiary	11.20.1
Buyer	preamble
Buyer's Welfare Plans	6.3.5(a)(ii)
CARS	1.31
Code	8.2(e)

Term	Section
Company	recitals
Company Interests	2.3
Current Filings	5.10.1
Disagreement Notice	3.4.1
ERISA	4.15.1
ERISA Affiliate	4.15.2
Escrow Agent	3.4.1
Escrow Amount	3.4.1
Escrowed Shares	3.4.1
FAA	6.2.5(xv)
FCC Rate Forms	6.2.5(vii)
Final Adjustments Report	3.4.2
Financial Statements	4.11
Franchise Consent Ratio	7.2.4
FTC	6.7
Guaranteed Obligations	11.20
Guaranty	11.20
HSR Act	6.7
Hired Employee	6.3.1
Indemnified Party	10.4
Indemnifying Party	10.4
NCE Agreement	6.3.7
New Properties	6.11
NSI	1.3
Offer/No Offer Schedule	6.3.1
Ownership Rules	6.30
Past Service	6.3.5(a)(ii)
Phase I Assessment	6.25.1
Phase II Assessment	6.25.1
Preliminary Adjustments Report	3.4.1
Prime Rate	11.13
Purchase Price	3.1
Registration Rights Agreement	8.3(b)
Related Agreement	recitals
Seller	preamble
Seller Plans	4.15.2
Share Consideration	3.1
Subscriber Shortfall	3.3.6
Survival Period	10.1
System Employee Schedule	6.3.1
Taking	6.9.2
Threshold Amount	10.5
Transaction Documents	4.2
Transfer Tax Return	6.10.1

Term	Section
Transitional Billing Services	6.13
Transitional HSD Services	6.14
Underlying Obligor	11.20
Underpayment	3.4.3
WARN	6.3.2

2. CONTRIBUTION, PURCHASE AND SALE OF ASSETS; ASSUMED OBLIGATIONS AND LIABILITIES.

2.1. Contribution. Subject to the terms and conditions set forth in this Agreement, at the Closing Time, Seller will transfer to Company, and Company will acquire from Seller, free and clear of all Encumbrances (except Permitted Encumbrances), the Assets.

2.2. Assumed Obligations and Liabilities. Upon the contribution described in Section 2.1, Company will assume, and after the Closing Time, Company will pay, discharge and perform, the following (the "Assumed Obligations and Liabilities"): (a) those obligations and liabilities accruing and relating to periods after the Closing Time under or with respect to the Assets assigned and transferred to Company; (b) those obligations and liabilities of Seller to subscribers and customers of Seller's Business for (i) subscriber deposits held by Seller as of the Closing Date related to the Systems in the amount for which Buyer received credit under Section 3.3 and (ii) customer, advertising and other advance payments held by Seller as of the Closing Date related to the Systems in the amount for which Buyer received credit under Section 3.3; (c) all obligations and liabilities accruing and relating to the Business prior to the Closing Time but only to the extent that Buyer received a credit pursuant to Section 3.3; and (d) all other obligations and liabilities accruing and relating to periods after the Closing Time and arising out of Company's ownership of the Assets or operation of the Systems after the Closing Time, except to the extent that such obligations or liabilities relate to any Excluded Asset. All obligations and liabilities, contingent, fixed or otherwise, arising out of or relating to the Assets or the Systems other than the Assumed Obligations and Liabilities will remain and be the obligations and liabilities solely of Seller including any obligation, liability or claims relating to or arising pursuant to (w) Taxes (including franchise fees) arising out of or relating to the Assets or the Business and with respect to periods or portions thereof ending on or prior to the Closing Time, (x) refunds of rates, charges or late fees arising out of or relating to the Assets or the Business and with respect to periods through and including the Closing Time, (y) any claim, action, suit, proceeding, arbitration, investigation or hearing, any tolling, settlement or license agreement with respect to any of the foregoing, or any other activity or procedure, or any notice of any of the foregoing which could result in any judgment, writ, order, injunction, award or decree of any court, judge, justice or magistrate, including any bankruptcy court or judge or the arbitrator in any binding arbitration, and

any order of or by any Governmental Authority arising out of or relating to the Assets or the Business and commenced, or related to an event occurring, on or prior to the Closing Time, or (z) credit, loan or other agreements arising out of or relating to the Assets or the Business and pursuant to which Seller or any of its Affiliates has created, incurred, assumed or guaranteed indebtedness for borrowed money or under which any Encumbrance securing such indebtedness has been or may be imposed on any Asset.

2.3. Transfer of Company Interests. Subject to the terms and conditions set forth in this Agreement, at the Closing Time and immediately following the contribution described in Section 2.1, Seller will sell to Buyer, and Buyer will purchase from Seller, all of the outstanding membership interests in Company (the "Company Interests") free and clear of all Encumbrances (other than Permitted Encumbrances) in exchange for the Share Consideration. The shares of Charter Class A Common Stock representing the Share Consideration will be registered in the name of Seller, provided that Seller will be entitled to have the shares registered in the name of its parent upon completion of the liquidation and dissolution of Seller as contemplated by Section 6.32.

3. SHARE CONSIDERATION.

3.1. Share Consideration. For purposes of this Agreement, the "Share Consideration" will be the number of shares of Charter Class A Common Stock equal to the quotient (rounded upward to the nearest whole number) of (a) the $349,800,000 (the "Purchase Price"), as adjusted pursuant to Section 3.3 and (b) the Charter Class A Per Share Value.

3.2. Adjustments to Prevent Dilution. The Share Consideration will be subject to any or all of the following adjustments as applicable:

3.2.1. If Buyer should split or combine the Charter Class A Common Stock or pay a stock dividend or other stock distribution in Charter Class A Common Stock or otherwise effect any transaction or announce its intention to do any of the foregoing that changes the Charter Class A Common Stock into any other securities or make any other dividend or distribution on the Charter Class A Common Stock, and the record date applicable to such event occurs during the Valuation Period or after the Valuation Period and prior to the Closing Date, then the Average Trading Price will be appropriately adjusted to reflect such split, combination, transaction, dividend or other distribution.

3.2.2. The Minimum Per Share Value and Maximum Per Share Value will be subject to any or all of the following adjustments, as applicable:

(i) If from the date of this Agreement to the Closing Date, Buyer (a) pays a dividend or makes a distribution on any outstanding shares of Buyer's capital stock in shares of Charter Class A Common Stock, (b) subdivides the then-outstanding shares of Charter Class A Common Stock into a greater

number of shares of Charter Class A Common Stock or (c) combines the then-outstanding shares of Charter Class A Common Stock into a smaller number of shares of Charter Class A Common Stock, then the Minimum Per Share Value and the Maximum Per Share Value then in effect will be adjusted by multiplying each by a fraction, the numerator of which is the number of shares of Charter Class A Common Stock outstanding immediately before the event giving rise to such adjustment, and the denominator of which is the number of shares of Charter Class A Common Stock outstanding immediately after such event.

(ii) If from the date of this Agreement to the Closing Date, Buyer pays a dividend or makes a distribution on all outstanding shares of Charter Class A Common Stock in the form of cash, securities (including warrants or other rights) or other assets (other than any dividend or distribution in the form of Charter Class A Common Stock), then the Minimum Per Share Value and the Maximum Per Share Value then in effect will be adjusted by multiplying each by a fraction, the numerator of which is the Average Trading Price of Charter Class A Common Stock (calculated using the 30 Trading Day period ending on the record date of such dividend or distribution rather than the Valuation Period) less the amount of cash or the fair market value on such record date (as reasonably determined by Buyer's Board of Directors) of the portion of the securities or other assets so to be distributed that is applicable to one share of Charter Class A Common Stock, and the denominator of which is the Average Trading Price of Charter Class A Common Stock (calculated using the 30 Trading Day period ending on the record date of such dividend or distribution rather than the Valuation Period).

3.3. Adjustments to Purchase Price. The Purchase Price will be adjusted as follows:

3.3.1. Adjustments on a pro rata basis as of the Closing Time will be made for all prepaid expenses other than inventory (but only to the extent the full benefit of such prepaid expenses will be realizable within twelve (12) months after the Closing Date), accrued expenses (including real and personal property Taxes), copyright fees and franchise or license fees or charges, prepaid income, subscriber prepayments and accounts receivable related to the Business, all as determined in accordance with GAAP consistently applied, and to reflect the principle that all expenses and income attributable to the Business for the period through and including the Closing Time are for the account of Seller, and all expenses and income attributable to the Business for the period after the Closing Time are for the account of Buyer. Notwithstanding the foregoing, the Purchase Price will only be increased by 98% of the accounts receivable; provided, further, that Seller will receive no credit for (a) any accounts receivable resulting from cable television services or Internet access or high speed data services of which more than $7.50 is 60 days or more past due from the billing date as of the Closing Date, (b) any accounts receivable resulting from advertising sales of which any portion is 120 days or more past due from the date of invoice as of the Closing Date, and (c) accounts receivable from

customers whose accounts are inactive as of the Closing Date. For purposes of making "past due" calculations under clause (a) of the preceding sentence, the billing statements of a System will be deemed to be due and payable on the first day of the period during which the service to which such billing statements relate is provided.

3.3.2. The Purchase Price will be decreased by the amount of all advance payments to, or funds of Third Parties on deposit with, Seller as of the Closing Time and relating to the Business, including advance payments and deposits by subscribers served by the Business for converters, encoders, decoders, cable modems, cable television services and related sales.

3.3.3. The Purchase Price will be decreased by the amount of the economic value of all accrued vacation time that Buyer credits after the Closing Time to Hired Employees pursuant to Section 6.3, where economic value is the amount equal to the cash compensation that would be payable to each such Hired Employee at his or her level of compensation on the Closing Date for a period equal to such credited accrued vacation.

3.3.4. The Purchase Price will be increased by the amount of all deposits relating to the Business and the operation of the Systems that are held by Third Parties as of the Closing Time for the account of Seller which relate to the Systems or are held as security for Seller's performance of its obligations, including deposits on leases and deposits for utilities, but excluding those which are or relate to Excluded Assets or the full benefit of which will not be available to Company following the Closing, and such deposits will become the property of Company.

3.3.5. The Purchase Price will be decreased by an amount equal to the excess (if any) of the total amount of capital expenditures set forth on the Systems' capital budget (a copy of which has been provided to Buyer) over the actual amount of capital expenditures as of the Closing Time made for such projects since December 31, 2000. The Purchase Price will be increased by an amount equal to the capital expenditures not included in such capital budget and incurred by Seller at Buyer's request in accordance with Section 6.2.2(y).

3.3.6. The Purchase Price will be decreased by the dollar amount equal to the product of (i) 65.38% of the Subscriber Shortfall multiplied by (ii) $3,429. For purposes of this Agreement, the "Subscriber Shortfall" equals the number, if any, by which the aggregate of the Equivalent Basic Subscribers for the Systems and the "Equivalent Basic Subscribers" for the "Systems," as described in the Related Agreement, as of the Closing Time is less than 154,440.

3.3.7. The adjustments provided for in this Section 3.3 will be made without duplication under this Agreement or the Related Agreement. In addition, none of the adjustments provided for in this Section 3.3 will be made

with respect to any Excluded Asset or with respect to any item of income or expense related to an Excluded Asset.

3.3.8. The net amount of the adjustments calculated under this Section 3.3, as preliminarily determined pursuant to Section 3.4.1, will be added or subtracted, as applicable, to the Purchase Price at the Closing.

3.4. Determination of Adjustments. Preliminary and final adjustments to the Purchase Price will be determined as follows:

3.4.1. Not later than a date Seller reasonably believes is at least five Business Days prior to the Closing, Seller will deliver to Buyer a report (the "Preliminary Adjustments Report"), showing in detail the good faith preliminary determination of the adjustments referred to in Section 3.3, which have been calculated as of the Closing Time (or as of any other date and time agreed by the parties) and appropriate documents substantiating the adjustments proposed in the Preliminary Adjustments Report. Buyer will have three Business Days following receipt of the Preliminary Adjustments Report to review such Report and supporting information and to notify Seller of any disagreements of Buyer with Seller's estimates. If Buyer provides a notice of disagreement (the "Disagreement Notice") with Seller's estimates of the adjustments referred to in Section 3.3 within such three Business Day period, Buyer and Seller will negotiate in good faith to resolve any such dispute and to reach an agreement prior to the Closing Date on such estimated adjustments as of the Closing Time. The basis for determining the Purchase Price to be paid at the Closing will be (a) the estimate so agreed upon by Buyer and Seller, (b) if the parties do not reach such an agreement on the estimated amount of the adjustments set forth in the Preliminary Adjustments Report prior to the Closing Date and the amount in dispute is less than or equal to $2,000,000 or if Buyer fails to provide a notice of disagreement with Seller's estimates of such adjustments within the requisite time provided, the estimates of such adjustments set forth in the Preliminary Adjustments Report or (c) if the parties do not reach such an agreement on the estimated amount of the adjustments set forth in the Preliminary Adjustments Report prior to the Closing Date and the amount in dispute is greater than $2,000,000, the estimates of such adjustments set forth in the Preliminary Adjustments Report less (i) an amount equal to the excess (if any) of (A) the Purchase Price based on the adjustments proposed by Seller set forth in the Preliminary Adjustments Report, over (B) the Purchase Price based on Buyer's estimate of such adjustments set forth in the Disagreement Notice or (ii) $3,250,000, whichever is less (the "Escrow Amount"). If the Purchase Price to be paid at Closing is determined under (c) above, Buyer will deposit shares of Charter Class A Common Stock equal to the Escrow Amount divided by the Charter Class A Per Share Value, rounded to the nearest whole share (the "Escrowed Shares") into an escrow account (which will be held by Chase Manhattan Bank or other escrow agent which is mutually acceptable to Buyer and Seller (the "Escrow Agent") and governed by an escrow agreement substantially in the form of EXHIBIT B).

3.4.2. Within 90 days after the Closing Date, Seller will deliver to Buyer a report (the "Final Adjustments Report") showing in detail the final determination of all adjustments which were not calculated as of the Closing Time and containing any corrections to the Preliminary Adjustments Report, together with appropriate documents substantiating the adjustments proposed in the Final Adjustments Report. Buyer will provide Seller with reasonable access to all records that Buyer has in its possession and which are necessary for Seller to prepare the Final Adjustments Report.

3.4.3. Within 30 days after receipt of the Final Adjustments Report, Buyer will give Seller written notice of Buyer's objections, if any, to the Final Adjustments Report. If Buyer timely makes any such objection, the parties will agree on any items, if any, which are not in dispute within 30 days after Seller's receipt of Buyer's notice of objections to the Final Adjustments Report. Any disputed amounts will be determined by the accounting firm of Deloitte & Touche, which will be obligated to determine such amounts within 90 days after the dispute is submitted to it, and the determination of which will be conclusive. Seller and Buyer will bear equally the fees and expenses payable to such firm in connection with such determination. If the Purchase Price, as finally determined, exceeds the estimated Purchase Price actually paid to Seller at the Closing (such excess, the "Underpayment") and Buyer made a deposit into escrow pursuant to Section 3.4.1, then Buyer and Seller will instruct the Escrow Agent to release to Seller the number of Escrowed Shares equal to the amount of the Underpayment divided by the Charter Class A Per Share Value, rounded to the nearest whole share, and to release to Buyer any remaining Escrowed Shares in the escrow account. If either (i) the number of Escrowed Shares released to Seller from the escrow account are less than the amount of the Underpayment divided by the Charter Class A Per Share Value or (ii) no deposit to the escrow account was made pursuant to Section 3.4.1, Buyer will issue and deliver to Seller Charter Class A Common Stock in an amount equal to the Underpayment divided by the Charter Class A Per Share Value, rounded to the nearest whole share, less the Escrowed Shares, if any, released to Seller from the escrow account. To the extent necessary to permit the Escrow Agent to comply with its release obligations, Buyer will reissue the Escrowed Shares in several stock certificates of differing denominations. If the estimated Purchase Price paid at the Closing exceeds the Purchase Price, as finally determined, then Buyer and Seller will instruct the Escrow Agent to release all Escrowed Shares, if any, in the escrow account to Buyer and Seller will pay to Buyer an amount in cash equal to the excess of the Purchase Price, as finally determined, over the estimated Purchase Price paid at the Closing. Any such cash payments will be made by wire transfer of immediately available funds to the other party within three Business Days after the final determination of all disputed items. For purposes of this Section 3.4.3, if after Closing and prior to such settlement, any event has occurred that would have resulted in adjustments pursuant to Section 3.2 if it had occurred prior to Closing, then the Charter Class A Per Share Value used to determine the number of shares delivered under this Section 3.4.3 will be adjusted in the same manner as it would have been had such events occurred prior to Closing.

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4. REPRESENTATIONS AND WARRANTIES OF SELLER.

Seller represents and warrants to Buyer, as of the date of this Agreement and as of the Closing, as follows:

4.1. Organization and Qualification. Seller is duly organized, validly existing and in good standing under the laws of the state of its organization and has all requisite power and authority to own, lease and use the Assets as they are currently owned, leased and used and to conduct the Business as it is currently conducted. Seller is duly qualified to do business and is in good standing under the laws of each jurisdiction where it operates the Business. When formed, Company will be a limited liability company duly formed, validly existing and in good standing under the laws of the State of Delaware, and will be treated for federal income tax purposes as a disregarded entity with respect to Seller under Treasury Regulations Section 301.7701-3(b)(1)(ii).

4.2. Authority and Validity. Seller has all requisite power and authority to execute and deliver, to perform its obligations under, and to consummate the transactions contemplated by, this Agreement and all other documents and instruments to be executed and delivered in connection with the transactions contemplated by this Agreement (collectively, the "Transaction Documents") to which Seller is a party. The execution and delivery by Seller of this Agreement has been duly authorized by all requisite entity action. The execution and delivery by Seller of the Transaction Documents to which Seller is a party, the performance by Seller of its obligations under and the consummation by Seller of the transactions contemplated by this Agreement and the Transaction Documents to which Seller is a party have been, or will by the Closing Date be, duly authorized by all requisite entity action. This Agreement is, and when executed and delivered by Seller the Transaction Documents will be, the valid and binding obligations of Seller, enforceable against Seller in accordance with their respective terms, except insofar as enforceability may be affected by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws now or hereafter in effect affecting creditors' rights generally or by principles governing the availability of equitable remedies.

4.3. No Conflict; Required Consents. Subject to obtaining the Required Consents, all of which are disclosed on SCHEDULE 4.3, and the receipt of any consent required or the expiration or termination of the applicable waiting period under the HSR Act, the execution and delivery by Seller, the performance of Seller under, and the consummation by Seller of the transactions contemplated by, this Agreement and the Transaction Documents to which Seller or Company is a party do not and will not: (a) conflict with or violate any provision of the organizational documents of Seller or Company; (b) violate any Legal Requirement in any material respect; (c) require any consent, waiver, approval or authorization of, or any filing with or notice to, any Governmental Authority or other Person; or (d) (i) violate, conflict with or constitute a breach of or default under (without regard to requirements of notice, lapse of time or elections of

other Persons or any combination thereof), (ii) permit or result in the termination, suspension or modification of, (iii) result in the acceleration of (or give any Person the right to accelerate) the performance of Seller under, or (iv) result in the creation or imposition of any Encumbrance under, any Contract, Franchise or License or any other instrument evidencing any of the Assets, or any instrument or other agreement by which any of the Assets is bound or affected, except for purposes of clauses (c) or (d), above, any consents, waivers, approvals or authorizations required under any bulk Contracts relating to multiple dwelling units with less than 250 units.

4.4. Assets. Seller has, and immediately prior to the transfer of the Company Interests to Buyer, Company will have, good and marketable title in and to (or, in the case of Assets that are leased, valid leasehold interests in) the Assets (other than Real Property, as to which the representations and warranties in Section 4.7 apply). The Assets are free and clear of all Encumbrances, except (a) Permitted Encumbrances, (b) rights of first refusal stated in the Franchises and Licenses, each of which will be waived by the Person holding such right prior to the Closing, and (c) Encumbrances disclosed on SCHEDULE 4.4. Except for the Excluded Assets, the Assets are all the assets necessary to permit Company to conduct the Business and to operate the Systems substantially as the Business is being conducted and the Systems are being operated on the date of this Agreement and in compliance with all applicable Legal Requirements and to perform all of the Assumed Obligations and Liabilities. Except as disclosed on SCHEDULE 4.4, all of the Equipment is in good operating condition and repair, ordinary wear and tear excepted, and is adequate for the operation of the Business.

4.5. Franchises and Licenses. Except as disclosed on SCHEDULE 4.5, Seller is not bound or affected by any (a) "franchise," as such term is defined in Section 602 of the Communications Act (47 U.S.C. 522), in connection with the operation of the Business, (b) license, authorization or permit issued by the FCC that relates to the Systems or the operation of the Business or (c) any licenses, authorizations or permits of any other Governmental Authority (other than those described in clauses (a) or (b)) which are individually or in the aggregate material to the Business or the Systems. Seller has provided Buyer with access to true and complete copies of each Franchise and License disclosed on SCHEDULE 4.5. SCHEDULE 4.5 discloses the specific Seller bound or affected by each Franchise. To the extent that SCHEDULE 4.5 fails to disclose the specific Seller bound or affected by each item listed thereon or any license, authorization or permit of any Governmental Authority, Seller will provide such information to Buyer within 30 days after the date of this Agreement. Except as disclosed on SCHEDULE 4.5, the Franchises and Licenses are currently in full force and effect under all applicable Legal Requirements according to their terms and Seller is not in breach or default of any terms or conditions thereunder and no event has occurred that, with notice or lapse of time or both would constitute a breach, violation or default thereunder by Seller. Except as disclosed on SCHEDULE 4.5, there is no legal action, governmental proceeding or investigation, pending or, to

Seller's Knowledge, threatened, to terminate, suspend or modify any Franchise or License. Except as set forth on SCHEDULE 4.5, (a) the Franchises contain all of the commitments of Seller to the applicable Governmental Authority granting such Franchises with respect to the construction, ownership and operation of the Systems, and (b) other than as set forth in the Franchises, Seller has not made any commitment to any local franchising authority to make any expenditure or capital addition or betterment to any System or the Assets that will not be fulfilled or satisfied prior to the Closing Time. As of the date of this Agreement, except as disclosed on SCHEDULE 4.5, and other than any satellite master antenna television system which serves fewer than 1000 dwelling units and direct broadcast satellite television, with respect to each area in which the Systems currently provide cable television service: (a) no Third Party is operating a cable television system or other non-satellite MVPD other than a System in such area; (b) no construction programs have been substantially undertaken, or, to the Knowledge of Seller, are proposed to be undertaken, by any municipality or Third Party wireline cable television operator in the Service Area, (c) no franchise has been, or, to the Knowledge of Seller, is proposed to be, granted to any Third Party in the Service Area, other than franchises included in the Assets; and (d) to the Knowledge of Seller, no Third Party MVPD has applied for a cable television franchise or open video system or similar authorization to serve such area.

4.6. Contracts. All Contracts are disclosed on SCHEDULE 4.6, except for: (a) subscription agreements with individual residential subscribers or commercial establishments for the cable services provided by the Systems in the ordinary course of business; (b) miscellaneous service Contracts with Seller's vendors terminable at will or upon notice of 30 days or less without penalty; (c) Contracts not involving any monetary obligation in excess of $25,000; (d) bank financing documents; (e) Contracts constituting Excluded Assets; and (f) Contracts relating to services provided by Seller to residents of multiple dwelling unit complexes or to commercial accounts. Without limiting the foregoing, SCHEDULE 4.6 discloses all programming agreements, wireline crossing agreement, pole attachment agreements, fiber leases, Contracts between Seller and its Affiliates, retransmission consent agreements, capital leases of personal property and agreements limiting the right of the Systems to compete, except, in each case, such Contracts that are Excluded Assets. Seller has provided Buyer with access to true and complete copies of each of the written Contracts disclosed on SCHEDULE 4.6 and will provide Buyer access to all other Contracts (including descriptions of oral Contracts) of Seller within 30 days after the date of this Agreement. Seller will further provide Buyer with a complete list of all multiple dwelling unit complexes served by the Systems as of the date specified in such list. Each Contract is in full force and effect and constitutes the valid, legal, binding and enforceable obligation of Seller, and Seller is not in breach or default of any terms or conditions thereunder. To Seller's Knowledge no other party thereto is, in breach or default of any material terms or conditions thereunder.

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4.7. Real Property.

4.7.1. All of the Assets consisting of Real Property interests are disclosed on SCHEDULE 4.7. To the extent that SCHEDULE 4.7 fails to disclose the specific Seller holding each interest listed thereon, Seller will provide such information to Buyer within 30 days after the date of this Agreement. Except as otherwise disclosed on SCHEDULE 4.7, Seller is the sole owner (both legal and equitable) and holds, or at the time of the Closing Company will hold, good and marketable fee simple absolute title to each parcel of Real Property disclosed as being owned by Seller on SCHEDULE 4.7 or is otherwise owned by Seller and all buildings, structures and improvements thereon and has the valid and enforceable right to use and possess such owned Real Property and improvements, in each case free and clear of all Encumbrances except for Permitted Encumbrances. Seller has, and at the Closing Company will have, valid and enforceable leasehold interests in the Real Property disclosed as being leased by Seller on SCHEDULE 4.7 or is otherwise leased by Seller and, with respect to other Real Property not owned or leased by Seller, Seller has, and at the Closing Company will have, the valid and enforceable right to use all other Real Property pursuant to the easements, licenses, rights-of-way or other rights disclosed on SCHEDULE 4.7 or is otherwise used by Seller, and all improvements thereon owned by Seller and included in the Assets, in each case free and clear of all Encumbrances except for Permitted Encumbrances. With respect to leasehold interests and other material interests in Real Property, Seller is not in breach or default of any terms or conditions of any written instrument relating thereto and, to Seller's Knowledge, no other party thereto is in material breach or default of any terms or conditions of any such written instrument.

4.7.2. There are no leases or other agreements, oral or written, granting to any Person other than Seller the right to occupy or use any Real Property, except as disclosed on SCHEDULE 4.7. Seller has provided Buyer with access to true and complete copies of each of the written leases and other agreements disclosed on SCHEDULE 4.7, including all amendments and addenda thereto. Each parcel of Real Property owned or leased by Seller, any improvements constructed thereon and their current use, conforms in all material respects to (a) all applicable Legal Requirements, and (b) all restrictive covenants, if any, or other Encumbrances affecting all or part of such Real Property.

4.7.3. Except as disclosed on SCHEDULE 4.7, each parcel of owned Real Property and each parcel of leased Real Property (a) has access to and over public streets or private streets for which Seller has a valid right of ingress and egress, (b) conforms in its current use and occupancy in all material respects to all zoning requirements and (c) conforms in its current use in all material respects to all restrictive covenants, if any, or other Encumbrances affecting all or part of such parcel. There are no pending or, to Seller's Knowledge, threatened condemnation actions or special assessments or proceedings for changes in the zoning with respect to such Real Property or any part thereof and

Seller has not received any notice of the desire of any Governmental Authority or other entity to take or use any Real Property or any part thereof. Seller has complied in all material respects with all notices or orders to correct violations of Legal Requirements issued by any Governmental Authority having jurisdiction against or affecting any of the Real Property.

4.8. Environmental Matters.

4.8.1. Except as disclosed on SCHEDULE 4.8: (a) to the Knowledge of Seller, the Real Property currently complies in all material respects with Environmental Laws; (b) neither the Real Property owned by Seller nor, to the Knowledge of Seller, the Real Property leased by Seller is the subject of any court order, administrative order or decree arising under any Environmental Law; and (c) the Real Property has not been used by Seller for the generation, storage, discharge or disposal of any Hazardous Substances except as permitted under Environmental Laws. Except as disclosed on SCHEDULE 4.8, Seller has not received any written notice from any Governmental Authority alleging that the Real Property is in violation of any Environmental Law, and no claim based on any Environmental Law has been asserted to Seller in writing in the past or is currently pending or, to the Knowledge of Seller, threatened, with respect to any Real Property.

4.8.2. Seller has provided Buyer with complete and correct copies of (a) all studies, reports, surveys or other materials in Seller's possession or to which Seller has access relating to the actual or alleged presence, use, generation, release or disposal of Hazardous Substances at, on, under or affecting the Real Property, (b) all notices or other materials in Seller's possession or to which Seller has access that were received from any Governmental Authority respecting any Environmental Laws relating to the current or past ownership, use or operation of the Real Property or activities at the Real Property and (c) all notices and other materials in Seller's possession or to which Seller has access relating to any litigation or claim relating to the Real Property or other Assets or concerning any Environmental Law.

4.9. Compliance with Legal Requirements. Except as set forth on SCHEDULE 4.9:

4.9.1. The ownership, leasing and use of the Assets as they are currently owned, leased and used, and the conduct of the Business as it is currently conducted, do not violate or infringe in any material respect any Legal Requirements currently in effect (other than Legal Requirements described in Section 4.9.4, as to which the representations and warranties set forth in that subsection will exclusively apply). Seller has not received any notice of, and Seller has no Knowledge of, any basis for the allegation of any such violation or infringement.

4.9.2. A valid request for renewal has been duly and timely filed under Section 626 of the Communications Act with the proper Governmental Authority with respect to all Franchises that have expired prior to, or will expire within 30 months after, the date of this Agreement. Seller has not received notice from any Governmental Authority that it has determined or intends to deny renewal of any Franchise to which Seller is a party.

4.9.3. Seller has complied, and the Business is in material compliance with the Communications Act and the rules and regulations of the FCC, including all regulatory filings required thereunder and the technical standards set forth in Part 76, Subpart K, and with Section 111 of the U.S. Copyright Act of 1976 and the applicable rules and regulations of the U.S. Copyright Office and the Register of Copyrights, including the filing of all required Statements of Account with respect to each System since Seller's acquisition of such System.

4.9.4. Notwithstanding the foregoing and except as specifically limited herein, to Seller's Knowledge, each System is in compliance with the provisions of the Communications Act and FCC regulations, including provisions pertaining to signal leakage, utility pole make ready, grounding and bonding of cable television systems (in each case as the same is currently in effect). Seller has complied with the must carry, retransmission consent, and commercial leased access provisions of the Communications Act and FCC regulations as they relate to the Systems. Seller has used commercially reasonable good faith efforts to establish rates charged to subscribers, effective since September 1, 1993, that would be allowable under the Communications Act, and rules and regulations promulgated by the FCC, and any authoritative interpretation thereof now or then in effect, whether or not such rates were subject to regulation at that date by any Governmental Authority, including any state regulatory agency, local franchising authority and the FCC. Notwithstanding the foregoing, Seller makes no representation or warranty that either the rates charged to subscribers of the Systems would be allowable under any rules and regulations of the FCC or any authoritative interpretation thereof, promulgated after the Closing Date.

4.9.5. All necessary FAA approvals have been obtained and all necessary FCC tower registrations have been filed with respect to the height and location of towers used in connection with the operation of the Systems, and such towers are being operated in compliance in all material respects with applicable FCC and FAA rules.

4.10. Patents, Trademarks and Copyrights. To the Knowledge of Seller, the operation of the Business as currently conducted does not violate or infringe upon the rights of any Person in any copyright, trademark, service mark, patent, license, trade secret or similar intellectual property right.

4.11. Financial Statements. Seller has delivered to Buyer correct and complete copies of its unaudited balance sheets and unaudited statements of

operations for the Systems as of and for the periods ended December 31, 1999 and December 31, 2000 (the "Financial Statements"). The Financial Statements are in accordance with the books and records of Seller and fairly present, in all material respects, Seller's financial position and results of operations as of the dates and for the periods indicated, subject to normal year-end adjustments, allocations and accruals (none of which are deemed to be material to the operating cash flow of Seller). The Financial Statements reflect the fully allocated costs of operating the Systems, including all employee costs associated with operating the Systems. The Financial Statements have been prepared in accordance with GAAP, applied on a consistent basis throughout the periods covered thereby, except that they do not (a) reflect income taxes, (b) contain a statement of cash flows, (c) contain footnotes, or (d) fully reflect the allocation of AT&T Corp.'s purchase price to acquire Tele-Communications, Inc. for the 1999 period. Such purchase price allocations would primarily affect franchise costs, property and equipment, depreciation and amortization.

4.12. Absence of Certain Changes. Except as disclosed on SCHEDULE 4.12, since December 31, 2000: (a) no event or circumstance has occurred which, individually or in the aggregate, would reasonably be expected to have a Material Adverse Effect; (b) Seller has operated the Business only in the usual, regular and ordinary course; and (c) there has been no sale, assignment or transfer of any material Assets, or any theft, damage, removal, destruction or casualty loss of any material property. As of the date of this Agreement, since December 31, 2000, there has been no material change in accounting principles or practices with respect to the Business or revaluation by Seller of the Assets for financial reporting, property tax or other purposes.

4.13. Legal Proceedings. Except as disclosed on SCHEDULE 4.13, (a) there is no judgment or order outstanding, or any action, suit, complaint, proceeding or investigation by or before any Governmental Authority or any arbitrator pending, or to Seller's Knowledge, threatened, involving or affecting all or any part of the Business or Seller, except as would not reasonably be expected to materially adversely affect the Systems or the Business; (b) there are no claims, actions, suits, proceedings or investigations pending or, to Seller's Knowledge, threatened, by or before any Governmental Authority, or any arbitrator, by, against, affecting or relating to Seller which, if adversely determined, would restrain or enjoin the consummation of the transactions contemplated by this Agreement or declare unlawful the transactions or events contemplated by this Agreement or cause any of such transactions to be rescinded; and (c) there are no current rate proceedings, must-carry complaints or other actions, suits, complaints, proceedings or investigations pending against Seller alleging noncompliance by the Systems of any Franchise or License.

4.14. Tax Returns; Other Reports. Seller has duly and timely filed all federal, state, local and foreign Tax returns and other Tax reports required to be filed by Seller, and has timely paid all Taxes which have become due and payable, whether or not so shown on any such return or report, the failure of

which to be filed or paid could adversely affect or result in the imposition of an Encumbrance upon the Assets or create any transferee or other liability upon Buyer or Company, except such amounts as are being contested diligently and in good faith. Except as disclosed on SCHEDULE 4.14, Seller has received no notice of, nor does Seller have any Knowledge of, any deficiency, assessment or audit, or proposed deficiency, assessment or audit from any taxing Governmental Authority which could affect or result in the imposition of an Encumbrance upon the Assets or create any transferee or other liability upon Buyer or Company. Except as disclosed on SCHEDULE 4.14, the Assets are not subject to any joint venture, partnership or other arrangement or contract which is treated as a partnership for Federal Income tax purposes. Each material election with respect to income Taxes is set forth on SCHEDULE 4.14.

4.15. Employment Matters.

4.15.1. Seller has complied in all material respects with all applicable Legal Requirements relating to the employment of labor, including the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), continuation coverage requirements with respect to group health plans, and those relating to wages, hours, collective bargaining, unemployment insurance, worker's compensation, equal employment opportunity, discrimination, immigration control and the payment and withholding of Taxes.

4.15.2. For purposes of this Agreement, "Seller Plans" means (a) each employee benefit plan (as defined in Section 3(3) of ERISA), other than any defined benefit plan subject to Title IV of ERISA or any multiemployer plan (as defined in Section 3(37) of ERISA), which is sponsored or maintained by Seller or its ERISA Affiliates or to which Seller contributes, and which benefits System Employees, or (b) each multiemployer plan (as defined in Section 3(37) of ERISA) or defined benefit plan subject to Title IV of ERISA sponsored or maintained by Seller or any of Seller's ERISA Affiliates or to which Seller or any of its ERISA Affiliates is obligated to contribute. The Seller Plans in which any System Employee participates are disclosed on SCHEDULE 4.15.2. None of Seller, any Seller Plan other than a multiemployer plan (as defined in Section 3(37) of ERISA), or, to the Knowledge of Seller, any Seller Plan that is a multiemployer plan (as defined in Section 3(37) of ERISA), is in material violation of any provision of ERISA or the Code for which Buyer will have any liability after the Closing Date. No (i) "reportable event" described in Sections 4043(c)(1), (2), (3), (5), (6), (7), (10) and (13) of ERISA, (ii) non-exempt "prohibited transaction" (as defined in Section 406 of ERISA or Section 4975 of the Code), (iii) "accumulated funding deficiency" (as defined in Section 302 of ERISA) or (iv) "withdrawal liability" (as determined under Section 4201 et seq. of ERISA) has occurred or exists and is continuing with respect to any Seller Plan. "ERISA Affiliate" means, as to any Person, any trade or business, whether or not incorporated, which together with such Person would be deemed a single employer as determined under Section 4001 of ERISA. There are no Liens against the Assets under Section 412(n) of the Code or Sections 302(f) or 4068

of ERISA. At the Closing, Buyer will have no obligation to contribute to, or any liability in respect of, any Seller Plan, or any similar employment, severance or other arrangement or policy (whether written or oral) providing for insurance coverage (including self-insured arrangements), workers' compensation, disability benefits, supplemental unemployment benefits, vacation benefits (except as provided in this Agreement), fringe benefits or retirement benefits, or for profit sharing, deferred compensation, bonuses, stock options, stock appreciation or other forms of incentive compensation or post-retirement insurance, compensation or benefits, sponsored or maintained by Seller or any of its ERISA Affiliates, or to which Seller or any of its ERISA Affiliates is obligated to contribute.

4.15.3. Except as disclosed on SCHEDULE 4.15, as of the date of this Agreement, no collective bargaining agreements are applicable to any System Employee and Seller has no duty to bargain with any labor organization with respect to any System Employees. None of the collective bargaining agreements applicable to any System Employee require Seller to impose the collective bargaining agreement upon Buyer or Company. Except as disclosed on SCHEDULE 4.15, as of the date of this Agreement, there are not pending, or to Seller's Knowledge, threatened, any labor disputes, unfair labor practice charges, material labor arbitration proceedings or labor grievances against Seller, any demand for recognition or any other request or demand from a labor organization for representative status with respect to any System Employee. Except as disclosed on SCHEDULE 4.15, Seller has no employment agreements, either written or oral, with any System Employee. Except as disclosed on SCHEDULE 4.15, there are no work stoppages, strikes or other concerted activities by employees of Seller pending, or to Seller's Knowledge, threatened against Seller.

4.16. System Information. With respect to each of the Systems, disclosed on SCHEDULE 4.16 are (a) the approximate number of plant miles (aerial and underground) for the System, (b) the minimum bandwidth capability, channel capacity and two-way capability of each headend, (c) the stations and signals carried by the System and (d) the channel position of each such signal and station (including a designation of which broadcast stations are distributed pursuant to a retransmission consent and which are distributed pursuant to a must-carry election), which information is true and correct in all material respects, in each case as of the applicable dates specified therein and subject to any qualifications set forth therein. Also disclosed on SCHEDULE 4.16 are the approximate number of homes passed by the System, and the number of subscribers of the System as of the applicable dates and calculated pursuant to the methodology specified therein. Seller has delivered to Buyer information on the channel lineups and the monthly rates charged for each class of service for the Systems (including installation charges), which information is true and correct in all material respects, in each case as of the applicable dates specified therein and subject to any qualifications set forth therein.

4.17. Finders and Brokers. Other than Daniels & Associates (whose fees will be paid by Seller), Seller has not employed any financial advisor, broker or finder or incurred any liability for any financial advisory, brokerage, finder's or similar fee or commission in connection with the transactions contemplated by this Agreement for which Buyer or Company could be liable.

4.18. Disclosure. Any item required to be disclosed on more than one Schedule to this Agreement will be deemed properly disclosed on another Schedule if it is disclosed on any Schedule to this Agreement, as long as such disclosure includes an appropriate cross-reference or it is reasonably apparent from the face and context of the item disclosed that it should be disclosed on such other Schedule.

4.19. Securities Law Matters. Seller understands and acknowledges that the Share Consideration has not been registered or qualified under the federal or applicable state securities laws and the Share Consideration is being transferred to Seller in reliance upon applicable exemptions from such registration and qualification requirements. Seller is an "accredited investor" within the meaning of the federal securities laws and acknowledges it has been furnished with or afforded access to, and has had the opportunity to ask questions and receive answers concerning, all information pertaining to the Share Consideration. The Share Consideration is being acquired by Seller for investment only and not with a view to any resale or other distribution thereof. Seller understands that each share of Charter Class A Common Stock included in the Share Consideration is a "restricted security" within the meaning of the federal securities laws and agrees that it will not offer to sell or otherwise dispose of the Share Consideration in violation of the registration and qualification requirements of the federal and applicable state securities laws. The certificates for the Charter Class A Common Stock included in the Share Consideration will bear the following legend:

> THE SECURITIES REPRESENTED HEREBY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR ANY STATE SECURITIES LAW, AND MAY NOT BE OFFERED, SOLD OR OTHERWISE TRANSFERRED, PLEDGED OR HYPOTHECATED UNLESS AND UNTIL REGISTERED UNDER SAID ACT OR, IN THE OPINION OF COUNSEL IN FORM AND SUBSTANCE REASONABLY SATISFACTORY TO THE ISSUER OF THESE SECURITIES, SUCH OFFER, SALE, TRANSFER, PLEDGE OR HYPOTHECATION DOES NOT VIOLATE THE PROVISIONS THEREOF.

4.20. Investment Company. Seller is not, and upon consummation of the transactions contemplated by this Agreement will not be, an "Investment Company" required to register as such under the Investment Company Act of 1940, as amended.

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4.21. Seller Tax Matters.

4.21.1. Seller (i) has neither agreement to make nor is required to make any adjustment under Section 481 of the Code by reason of a change in accounting method and (ii) is not a "consenting corporation" within the meaning of Section 341(f)(1) of the Code.

4.21.2. Seller has not made any payments, is not obligated to make any payments, nor is a party to any contract, agreement or arrangement covering any current or former employee or consultant of Seller that under certain circumstances could require it to make or give rise to any payments that are not deductible as a result of the provisions set forth in Section 280G of the Code or the Treasury Regulations thereunder or would result in an excise tax to the recipient of any such payment under Section 4999 of the Code.

4.21.3. Seller has no material federal tax attributes.

5. BUYER'S REPRESENTATIONS AND WARRANTIES.

Buyer represents and warrants to Seller, as of the date of this Agreement and as of the Closing, as follows:

5.1. Organization and Qualification. Buyer is a corporation duly organized, validly existing and in good standing under the laws of Delaware and has all requisite power and authority to carry on its business as currently conducted and to own, lease, use and operate its assets. Buyer is duly qualified to do business and is in good standing under the laws of each jurisdiction in which the character of the properties owned, leased or operated by it or the nature of the activities conducted by it makes such qualification necessary.

5.2. Authority and Validity. Buyer has all requisite power and authority to execute and deliver, to perform its obligations under, and to consummate the transactions contemplated by, this Agreement and the Transaction Documents. The execution and delivery by Buyer of, the performance by Buyer of its obligations under, and the consummation by Buyer of the transactions contemplated by, this Agreement and the Transaction Documents to which Buyer is a party have been duly authorized by all requisite entity action. This Agreement is, and when executed and delivered by Buyer, the Transaction Documents will be, the valid and binding obligations of Buyer, enforceable in accordance with their respective terms, except insofar as enforceability may be limited or affected by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws now or hereafter in effect affecting creditors' rights generally or by principles governing the availability of equitable remedies.

5.3. No Conflicts; Required Consents. Subject to the receipt of any consent or the expiration or termination of the applicable waiting period under the HSR Act, and assuming the Required Consents have been obtained, the execution and delivery by Buyer, the performance of Buyer under, and the

consummation by Buyer of the transactions contemplated by, this Agreement and the Transaction Documents to which Buyer is a party do not and will not: (a) violate any provision of the organizational documents of Buyer; (b) violate any material Legal Requirement; or (c) require any consent, waiver, approval or authorization of, or any filing with or notice to, any Person.

5.4. Finders and Brokers. Buyer has not employed any financial advisor, broker or finder or incurred any liability for any financial advisory, brokerage, finder's or similar fee or commission in connection with the transactions contemplated by this Agreement for which Seller could be liable.

5.5. Legal Proceedings. There are no claims, actions, suits, proceedings or investigations pending or, to Buyer's knowledge, threatened, by or before any Governmental Authority, or any arbitrator, by, against, affecting or relating to Buyer which, if adversely determined, would restrain or enjoin the consummation of the transactions contemplated by this Agreement or declare unlawful the transactions or events contemplated by this Agreement or cause any of such transactions to be rescinded.

5.6. Securities Law Matters. Buyer understands and acknowledges that the Company Interests have not been registered or qualified under the federal or applicable state securities laws and the Company Interests are being sold to and purchased by Buyer in reliance upon applicable exemptions from such registration and qualification requirements. Buyer is an "accredited investor" within the meaning of the federal securities laws and acknowledges it has been furnished with or afforded access to, and has had the opportunity to ask questions and receive answers concerning, all information pertaining to the Company Interests. The Company Interests are being acquired by Buyer for investment only and not with a view to any public distribution thereof. Buyer understands that the Company Interests are "restricted securities" within the meaning of the federal securities laws and agrees that it will not offer to sell or otherwise dispose of the Company Interests in violation of the registration and qualification requirements of the federal and applicable state securities laws.

5.7. Investment Company. Buyer is not, and upon consummation of the transactions contemplated by this Agreement will not be, an "Investment Company" required to register as such under the Investment Company Act of 1940, as amended.

5.8. Balance Sheet. Buyer has delivered, or at or before the Closing will deliver, to the Sellers a true and complete copy of an audited consolidated balance sheet of Buyer and its consolidated subsidiaries as of December 31, 2000. As of the date of this Agreement, all cable television operations of Buyer and its Affiliates are conducted through Buyer or one or more of its direct or indirect subsidiaries or joint ventures or other Persons in which Buyer holds an equity interest.

5.9. Delivery of Share Consideration. The Share Consideration being issued hereunder, when issued and delivered in accordance with the terms of this Agreement for the consideration expressed herein, will be duly authorized, validly issued, fully paid and nonassessable. The delivery of such Share Consideration pursuant to this Agreement will transfer to the Sellers good and valid title to such Share Consideration, free and clear of all Encumbrances and any other limitations or restrictions (including any restrictions on the right to vote, sell or otherwise dispose of such interest), other than the transfer restrictions imposed by applicable Legal Requirements or set forth in the Registration Rights Agreement.

5.10. SEC Filings; Financial Information.

5.10.1. Buyer has made available to Seller (a) Buyer's Registration Statement No. 333-41486 including the Prospectus contained therein and all amendments thereto and prospectus supplements thereto prior to the date of this Agreement, (b) Buyer's Form 10-Q for each of the quarters ended June 30, 2000, September 30, 2000, and December 31, 2000, (c) all Form 8-Ks filed subsequent to December 31, 2000, and (d) Buyer's Registration Statement No. 333-54394 including all amendments thereto (the "Current Filings"). The Current Filings, as of the date of the filing thereof, did not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading.

5.10.2. The financial information of Buyer and its subsidiaries contained in the Current Filings fairly present in all material respects, as of the dates thereof and for the periods then ended, the financial condition and results of operation of Buyer and its consolidated subsidiaries in conformity with GAAP (except as indicated in the notes thereto), subject to normal year-end adjustments with respect to unaudited financial statements.

5.11. Buyer Tax Matters.

5.11.1. Buyer has no plan or intention to sell or otherwise dispose of any of the assets of the Company acquired in the Transaction, except for dispositions made in the ordinary course of business or transfers described in Section 368(a)(2)(C) of the Code or Treasury Reg. Section 1.368-2(k)(1) or Treasury Reg. Section 1.368-1(d)(4)(iii).

5.11.2. Buyer or a party related to Buyer within the meaning of Treasury Reg. Section 1.368-1(e)(3) has no plan or intention to acquire any of the Charter Class A Common Stock issued in the Transaction.

5.11.3. Except as contemplated by this Agreement, neither Buyer nor any of its Affiliates has taken or agreed to take any action, nor do its executive officers have any actual knowledge of any fact or circumstance, in

each case that would prevent the Transaction from qualifying as a "reorganization" within the meaning of Section 368(a) of the Code.

6. ADDITIONAL COVENANTS.

6.1. Access to Premises and Records. Between the date of this Agreement and the Closing Date, upon reasonable advance notice from Buyer to Seller, Seller will give Buyer and its representatives reasonable access during normal business hours to all the premises and the Books and Records of the Business, to all the Assets, to the general managers of the Systems, and to other AT&T corporate personnel to the extent reasonably necessary to effect a transition of the operations of the Systems to Buyer following the Closing, and will furnish to Buyer and its representatives all information regarding the Business, the Assets and, to the extent reasonably necessary to effect any transition with respect to any Excluded Assets, the Excluded Assets, as Buyer may from time to time reasonably request. No investigation will affect or limit the scope of any of the representations, warranties, covenants and indemnities of the other in this Agreement or in any Transaction Document or limit liability for any breach of any of the foregoing. Buyer will use commercially reasonable efforts to give Seller prompt notice of Buyer's discovery of any event or condition that could constitute such a breach. All requests for access to AT&T corporate personnel will be made to Patty Conroy, at 303-858-3609.

6.2. Continuity and Maintenance of Operations; Financial Statements. Except as Buyer may otherwise consent in writing (which consent, when requested in connection with any conduct described in Sections 6.2.1, 6.2.2, 6.2.3 or 6.2.7, will not be withheld unreasonably), until the Closing:

6.2.1. Seller will conduct the Business in good faith and operate the Systems only in the ordinary course consistent in all material respects with past practices, and will use commercially reasonable efforts, to the extent consistent with such conduct and operation, to (a) preserve the Business intact, including preserving existing relationships with franchising authorities, suppliers, customers and others having business dealings with Seller relating to the Business and (b) keep available the services of the System Employees (but will be under no obligation to incur any costs in addition to what Seller is currently incurring to do so).

6.2.2. Seller will maintain the Assets in good repair, order and condition (ordinary wear and tear excepted), will maintain Equipment and inventory for the Systems at normal historical levels consistent with past practices (as adjusted to account for abnormally high inventory levels related to construction activity), will maintain in full force and effect, policies of insurance with respect to the Business in such amounts and covering such risks as customarily maintained by operators of cable television systems of similar size and geographic location as the Systems, and will maintain its books, records and accounts in the ordinary manner on a basis consistent with past practices. Seller

will (a) only report and write off accounts receivable in accordance with past practice, (b) withhold and pay when due all Taxes relating to System Employees, the Assets or the System, (c) maintain service quality of the Systems at a level at least consistent with past practices, (d) file with the FCC all reports required to be filed under applicable FCC rules and regulations, and (e) comply in all material respects with all Legal Requirements with respect to the Systems. Seller will (x) undertake capital programs contemplated by the System's capital budget, (y) exercise good faith efforts to expend the amount described on its capital budget in accordance with the categories described with respect to each such capital program and (z) undertake capital programs reasonably requested by Buyer, provided that such requests do not, in the aggregate, require capital expenditures in excess of $10,000,000, and would not reasonably be expected to cause Seller to breach any Contract by which it is bound or any Legal Requirement or hinder or delay the Closing.

6.2.3. Seller will not, except as disclosed on SCHEDULE 6.2: (a) sell, transfer or assign any portion of the Assets other than sales in the ordinary course of business; (b) modify, terminate, renew (other than in the ordinary course or as required by this Agreement) suspend or abrogate any Franchises, Licenses or material Contracts (other than those constituting Excluded Assets); (c) enter into any non-ordinary course Contract or commitment involving an expenditure in excess of $50,000 individually, or $500,000 in the aggregate, other than Contracts or commitments which are cancellable on 30 days' notice or less without penalty and other than as contemplated by this Agreement; (d) modify its procedures for disconnection and discontinuation of service to subscribers whose accounts are delinquent; (e) except in accordance with an AT&T-wide plan or program (in which case Seller will give prior notice to Buyer) increase the compensation or materially change any benefits (other than severance benefits) available to System Employees, except as required pursuant to existing written agreements, or in the ordinary course of business consistent with past practice; (f) create, assume or permit to exist any Encumbrance (other than Permitted Encumbrances) on any of the Assets, other than any Encumbrance which will be released at or prior to the Closing; (g) make any Cost of Service Election; (h) enter into any agreement with or commitment to any competitive access provider and/or local exchange company or any internet access or on-line services provider with respect to the use or lease of any of the Assets; (i) enter into any collective bargaining agreement covering the System Employees who are not now covered by a collective bargaining agreement or enter into any new bonus, stock option, profit sharing, compensation, pension, welfare, retirement, employment or similar agreement that would create any liability to Buyer or Company after the Closing Date, except where required by any Legal Requirement; (j) decrease the rate charged for any level of Basic Services, Expanded Basic Services or any Pay TV, except to the extent required by any Legal Requirement or, except as expressly permitted by SCHEDULE 6.2 or in connection with any rebuild, add, delete, retier or repackage any analog programming services, in each case except to the extent required under the 1992 Cable Act or any other Legal Requirement; provided, however, that if rates are

decreased in order to so comply, Seller will provide Buyer with copies of any FCC forms (even if not filed with any Governmental Authority) used to determine that the new rates were required; (k) engage in any marketing, subscriber installation, collection or disconnection practices outside the ordinary course of business or inconsistent with past practice; (l) enter into, modify or amend any Contract for any fiber or fiber capacity lease or use arrangements; (m) offer telephony or related services in Systems where such services are not offered as of the date of this Agreement; or (n) convert any of the Systems to any billing system or otherwise change billing arrangements for any of the Systems.

6.2.4. Seller will deliver to Buyer true and complete copies of any monthly and quarterly financial statements and operating reports with respect to the Business which are prepared by or for Seller in the ordinary course of business at any time between the date of this Agreement and the Closing Date, including System level and consolidated state level expanded and detailed statements of operating income and cash flow with respect to the Business. Seller will further promptly deliver to Buyer any other reasonable financial information related to the Systems requested by Buyer. Prior to Closing, Seller will provide prompt notice to Buyer of any change in accounting principles or practices with respect to the Business or revaluation by Seller of the Assets for financial reporting, property tax or other purposes.

6.2.5. Within 30 days after the date of this Agreement, or with respect to items that are prepared, filed or received by Seller after the date hereof, within 5 Business Days after the date of preparation, filing or receipt, Seller will provide to Buyer true and complete copies of each of the following items (unless previously provided):

(i) each Franchise and License related to the Systems;

(ii) all pending applications relating to any Franchise or License pending before any Governmental Authority; (iii) a list setting forth the expiration date of all Franchises, Licenses, Authorizations and permits listed on Schedule 4.5;

(iv) any pending notice received from any Governmental Authority that it has determined or intends to terminate, modify or deny renewal of any Franchise to which Seller is a party;

(v) all pending requests for renewal with respect to any Franchise filed under Section 626 of the Communications Act;

(vi) any relevant documentation supporting an exemption from the rate regulation provisions of the 1992 Cable Act claimed by Seller with respect to the Systems;

(vii) the most recent applicable FCC Forms 328, 329, 393, 1200, 1205, 1210, 1215, 1220, 1235 and 1240 and other FCC rate forms (collectively, the "FCC Rate Forms"), if any, filed with any Governmental Authority with respect to any of the Systems;

(viii) all historical FCC Rate Forms filed with any Governmental Authority with respect to any of the Systems where there is a rate issue pending (including any accounting order or rate order on appeal);

(ix) all other reports, filings and correspondence made or filed with the FCC or pursuant to the FCC rules and regulations filed after the date which is one year prior to the date of this Agreement;

(x) all complaints, petitions, answers, responses and other filings made with or by any Governmental Authority in connection with any rate orders issued by such Governmental Authority or any appeal therefrom with respect to any Franchise or any System;

(xi) all documentation relating to any System with respect to the carriage of broadcast signals under current must-carry and retransmission consents;

(xii) any social contract entered into with the FCC in respect of any System with regard to rate regulation, subscriber refunds and other matters;

(xiii) all reports, filings and correspondence with respect to any System made or filed with the U.S. Copyright Office or pursuant to the U.S. Copyright Office rules and regulations on or after the date which is three years prior to the date of this Agreement;

(xiv) a schedule setting forth the ownership, height (with and without appurtenances), location (address, latitude, longitude and ground elevation), structure type and FCC call signs of each tower used in connection with the operation of the Systems;

(xv) all available Federal Aviation Administration ("FAA") final determinations (if applicable) and FCC registrations for all such towers;

(xvi) all Contracts and Real Property agreements related to the Systems;

(xvii) a list of all headends, Franchises and unfranchised communities indicating the number of basic subscribers served in each; and

(xviii) a schedule setting forth (i) the cities, towns, villages, boroughs and counties served by each system; (ii) the approximate number of

single family and residential and commercial MDUs passed by each Franchise and System; and (iii) the FCC CUID numbers for each Franchise.

6.2.6. Each month, Seller will deliver to Buyer, a schedule indicating the then current status of the Required Consents marked with an asterisk on SCHEDULE 4.3 and what action has been taken by Seller with respect to obtaining such Required Consents. Beginning 60 days after the date of this Agreement, Seller will provide weekly updates (by telephone, electronic mail or in writing) to Buyer regarding the status of such Required Consents.

6.2.7. Seller will use its commercially reasonable efforts to challenge and contest any litigation brought against or otherwise involving Seller that could result in the imposition of Legal Requirements that could cause the conditions to the Closing not to be satisfied, or to settle such litigation. Seller will not, without Buyer's consent, enter into any settlement of any litigation that will bind Buyer, Company or any System to any material obligation following the Closing, impose any liability on Buyer or Company following the Closing, or otherwise breach any representation or covenant contained in this Agreement.

6.2.8. Seller will cause its appropriate Affiliates to be bound by and comply with the provisions of this Section 6.2 to the extent such Affiliates own, operate or manage any of the Assets or Systems.

6.2.9. In the event that Seller is notified of any proposal with respect to the creation, deletion or modification of any so called "open access" provision that would be applicable to any System, whether imposed by a Franchise, state or local law, or state or local regulation, mandating that the franchisee permit one or more Internet service providers that are not affiliated with the franchisee to offer service over the franchisee's System facilities, Seller will provide Buyer with notice of such proposal, will provide Buyer with information regarding such proposal as Buyer reasonably requests, and will permit Buyer to provide input to AT&T regarding AT&T's negotiations and discussions with respect to such proposal.

6.3. Employee Matters.

6.3.1. Except as set forth in this Section 6.3.1, Buyer may, but will have no obligation to, cause Company or its Affiliate to employ or offer employment to, any or all System Employees. Within 30 days after the date of execution of this Agreement, Seller will provide to Buyer a schedule of all System Employees by work location as of a recent date, showing the original hire date, the then-current positions and rates of compensation, rate type (hourly or salary) and scheduled hours per week, and whether the employee is subject to an employment agreement, a collective bargaining agreement or represented by a labor organization (the "System Employee Schedule"). Buyer will maintain the System Employee Schedule in strict confidence. The System Employee Schedule will be updated as necessary to reflect new hires or other personnel changes.

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Within 60 days after receipt of the System Employee Schedule, or such other date as the parties may agree, Buyer will provide Seller in writing a schedule of the System Employees Buyer will cause Company to offer to employ following the Closing (the "Offer/No Offer Schedule"), subject only to the pre-hire evaluations permitted by this Section 6.3.1. Buyer will cause Company to provide in writing notification of such offer, subject only to the pre-hire evaluations permitted by this Section 6.3.1, to each System Employee included on the Offer/No Offer Schedule no later than 30 days prior to the Closing. Seller agrees, and will cause its appropriate Affiliates, to cooperate in all reasonable respects with Buyer to allow Buyer or its Affiliates to evaluate its System Employees to make hiring decisions. In this regard, Buyer will have the opportunity to make such appropriate pre-hire investigation of the System Employees, as Buyer deems necessary, including the right to review personnel files and the right to interview such employees during normal working hours so long as such interviews are conducted after notice to Seller and do not unreasonably interfere with Seller's operations and such investigations and interviews do not violate any Legal Requirement. Seller agrees, and will cause its appropriate Affiliates, to cooperate in all reasonable respects with Buyer to allow Buyer or its Affiliates to evaluate its System Employees to make hiring decisions so long as Buyer provides notice to Seller and such evaluation does not unreasonably interfere with Seller's operations and such evaluations do not violate any law or Contract. All offers for initial employment with Company will be for employment with substantially similar responsibilities at a geographic location within a 35-mile radius of such System Employee's primary place of employment and same base compensation such System Employee is receiving as of the Closing Date. Seller acknowledges that nothing in this Agreement will restrict Buyer from changing a Hired Employee's job description, responsibilities, location, salary or benefits following the Closing. To the extent consent is required by applicable law, Seller will use good faith efforts to obtain the consent of each of its System Employees to allow Buyer to review personnel files in connection with the foregoing. Buyer or its Affiliates may, if it wishes, condition any offer of employment upon the employee's passing a pre-employment drug screening test, the completion of a satisfactory background check and, if the employee is on Approved Leave of Absence, upon the employee's return to active service (with or without reasonable accommodations) within 12 weeks after the Closing Date or, if earlier, on the first Business Day following expiration of the employee's Approved Leave of Absence. For purposes of this Agreement, employees on "Approved Leave of Absence" means employees absent from work on the Closing Date and unable to perform their regular job duties by reason of illness or injury under approved plans or policies of the employer (other than employee's absence for less than five days due to short term illness or injury not requiring written approval by the employer) or otherwise absent from work under approved or unpaid leave policies of the employer. Buyer will bear the expense of such examination but Seller will, upon reasonable notice, cooperate in the scheduling of such examinations so long as the examinations do not unreasonably interfere with Seller's operations. The

selection of employees to be offered employment by Buyer will be made at the sole and absolute discretion of Buyer. As of the Closing Date, neither Buyer, Company nor any of their Affiliates will have any obligation to Seller, its Affiliates or to the Seller's employees, with regard to any employee it has determined not to hire. As of the Closing Date, Seller will, and will cause its appropriate Affiliates to, terminate the employment of all System Employees that are hired by Buyer or its Affiliates (the "Hired Employees") as of the Closing Date. Notwithstanding any of the foregoing, from the date hereof until the Closing, and other than in connection with offers of employment to such employees to take effect at the Closing, Buyer agrees not to solicit for employment prior to the Closing (other than through general advertisements), without the written consent of the other, any System Employee.

6.3.2. As of the Closing Date, Seller will be responsible for and will cause to be discharged and satisfied in full or, with respect to Seller Plans, will have adequately funded or reserved for, all amounts due and owing to each System Employee (whether or not such employees are hired by Buyer or Company as of or after the Closing) with respect to and in accordance with the terms of all compensation plans or Seller Plans, including without limitation, any compensation including salaries, commissions, deferred compensation, severance (if applicable), insurance, pension, profit sharing, disability payment, medical, sick pay, holiday, accrued and unused vacation in excess of the amount Buyer assumes pursuant to this Section, payments under any incentive compensation or bonus agreement, in each case, which has accrued on or prior to the Closing Date and other compensation or benefits to which they are entitled for periods prior to the Closing Date (and, for Employees on Approved Leave of Absence, until their termination by Seller, or its appropriate Affiliate, or their employment by Company, or its appropriate Affiliate, as set forth in Section 6.3.1). Seller will satisfy any legal obligation with respect to continuation of group health coverage required pursuant to Section 4980B of the Code or Section 601, et seq., of ERISA with respect to all System Employees whose employment with Seller or any of Seller's ERISA Affiliates terminates on or before the Closing Date. Any liability under the Worker Adjustment and Retraining Notification Act, 29 U.S.C. Section 2101, et seq. ("WARN") with regard to any employee terminated on or prior to the Closing Date, or not hired by Buyer on or after the Closing Date, will, as a matter of contract between the parties, be the responsibility of Seller. Buyer will cooperate with Seller and Seller's Affiliates, if requested, in the giving of WARN notices on behalf of the other party.

6.3.3. Buyer and Seller hereby acknowledge and agree that, pursuant to the authority of Revenue Ruling 2000-27, the transactions contemplated by this Agreement will result in a permissible distribution event under Section 401(k) of the Code from any Seller Plan designed to satisfy the requirements of Section 401(k) of the Code.

6.3.4. Except as otherwise expressly provided pursuant to the terms of this Agreement, neither Buyer, Company nor any of their Affiliates will have

or assume any obligation or liability under or in connection with any Seller Plan. In regard to any System Employee on an Approved Leave of Absence, such responsibility for benefit coverage of such System Employee, and liability for payment of benefits, will remain that of Seller, or the appropriate Affiliate of Seller, until such employee becomes an employee of Company after the Closing pursuant to Section 6.3.1 or is terminated by Seller or its appropriate Affiliate. For purposes of this Agreement, the following claims and liabilities will be deemed to be incurred as follows: (i) medical, dental and/or prescription drug benefits upon the rendering of the medical, dental, pharmacy or other services giving rise to the obligation to pay such benefits except with respect to such benefits provided in connection with a continuous period of hospitalization, which will be deemed to be incurred at the time of admission to the hospital; (ii) life, accidental death and dismemberment and business travel accident insurance benefits and workers' compensation benefits, upon the occurrence of the event giving rise to such benefits; and (iii) salary continuation or other short-term disability benefits, or long-term disability, upon commencement of the disability giving rise to such benefit.

6.3.5. (a) Notwithstanding anything to the contrary herein, Buyer will, or will cause Company to:

(i) upon receipt of a schedule showing the vacation balances and value of such balances of each Hired Employee (as defined below), which schedule will be delivered by Seller to Buyer within 10 days after the Closing, credit each Hired Employee the amount of vacation time (but not sick time) permitted to be accrued by employees of Buyer in accordance with Buyer's standard practices (to a maximum of four weeks) accrued and unused by him or her as a System Employee through and including the Closing Date to the extent Buyer has received an adjustment to the Purchase Price therefor; provided, however, that if any Hired Employee has accrued vacation time in excess of the amount transferred to Buyer, then Seller will, and will cause its appropriate Affiliate to, pay to such employee the amount of such excess and neither Buyer, Company nor any of their Affiliates will assume any liability or obligation in respect of such excess;

(ii) give each Hired Employee credit for such employee's past service with Seller and its Affiliates as of the Closing Date as reflected on the System Employee Schedule (which may include past service with any prior owner or operator of the Systems) ("Past Service") for purposes of eligibility to participate in Buyer's employee welfare benefit (including medical, dental, flexible spending accounts, accident, life insurance plans and programs, disability plans, and other employee welfare benefits) plans (the "Buyer's Welfare Plans") that are generally available to similarly situated employees of Buyer and such employees' dependents;

(iii) give each Hired Employee credit for such employee's Past Service for purposes of participation and vesting under Buyer's employee

401(k) plan, provided that Buyer will not be obligated to establish a special entry date under such plan for Hired Employees;

(iv) give each Hired Employee credit for such employee's Past Service with Seller and its Affiliates as of the Closing Date for any waiting periods under Buyer's Welfare Plans that are generally available to similarly situated employees of Buyer and except to the extent any Hired Employees were subject to any limitations on benefits for any preexisting conditions or requirements for evidence of insurability under Seller's Plans, not subject any Hired Employees to such limitations, provided that the treatment is covered under Buyer's group health plans; and

(v) credit each Hired Employee under any Buyer group health plan for any deductible amount and out of pocket expenses and similar limits applicable and previously met by such Hired Employee as of the Closing Date under any of the group health plans of Seller or its Affiliates for the plan year in which the transfer of employment occurs.

(b) Notwithstanding anything set forth in Section 6.3.5(a), Company will have no obligation to System Employees who are Employees on Approved Leave of Absence until they become employees of Company pursuant to Section 6.3.1 hereof.

6.3.6. If Buyer or Company discharges any Hired Employee without cause within 90 days after the Closing Date, then Buyer will cause Company to pay severance pay to such Hired Employee in accordance with Seller's severance benefit plan in effect as of the Closing, taking into account such Hired Employee's Past Service as well as such Hired Employee's period of employment with Buyer for purposes of calculating severance pay under such plan. Seller will reimburse Buyer upon request if and to the extent such severance pay exceeds the severance pay that would have been payable under Seller's severance benefit plan in effect as of the date of this Agreement. Following such 90-day period, each Hired Employee will be covered under the Buyer's severance benefit plan and Buyer will count the period of employment with Buyer as well as such Hired Employee's Past Service for purposes of calculating benefits under such plan. For purposes of this Agreement, "cause" means (a) conviction (including a plea of guilty or nolo contendere) of a crime involving theft, fraud, dishonesty or moral turpitude, (b) intentional or grossly negligent disclosure of confidential or trade secret information of Buyer (or any of its Affiliates) to anyone who is not entitled to receive such information; (c) gross omission or gross dereliction of any statutory or common law duty of loyalty to Buyer or any of its Affiliates; (d) willful violation of Buyer's code of conduct or other written policies or procedures; or (e) repeated failure to carry out the duties of the employee's position despite specific instruction to do so.

6.3.7. If Seller has, or acquires, a duty to bargain with any labor organization with respect to any of System Employees, then Seller will (i) give

prompt written notice of such development to Buyer, including notice of the date and place of any negotiating sessions as they are planned or contemplated and permit Buyer to have a representative present at all negotiating sessions with such labor organization and at all meetings preparatory thereto (including making Buyer's representative a representative of Seller's delegation if required by the labor organization), and (ii) not, without Buyer's written consent, enter into any contract with such labor organization that purports to bind Buyer or Company, including any successor clause or other clause that would have this purpose or effect. Seller acknowledges and agrees that Buyer has not agreed to be bound, and that neither Buyer nor Company will be bound, without an explicit assumption of such liability or responsibility by Buyer, by any provision of any collective bargaining agreement or similar contract with any labor organization to which Seller or any its Affiliates is or may become bound. Except as may be required on the part of Seller or its Affiliates by operation of law or under the Neutrality and Consent Agreement effective July 1, 1999 by and among CWA, IBEW and certain business operating units and divisions of AT&T Corp. and modified effective May 10, 2000, and September 21, 2000 (as so modified, the "NCE Agreement") (a true, correct and complete copy of which, including modifications, has been provided to Buyer), and then only upon written notice to Buyer of any proposed action or non-action and after consultation in good faith with Buyer, Seller will take no action or engage in any inaction which might obligate or require Buyer or Company to recognize or bargain with any labor organization on behalf of Systems Employees. Nothing in this Section 6.3.7 will be deemed a waiver of Seller's attorney-client privilege.

6.3.8. Nothing in this Section 6.3 or elsewhere in this Agreement will be deemed to make any employee of Seller a third party beneficiary of this Agreement.

6.4. Leased Vehicles; Other Capital Leases. Seller will pay the remaining balances on any leases for vehicles or capital leases included in the Equipment and will deliver title to such vehicles and other Equipment free and clear of all Encumbrances (other than Permitted Encumbrances) to Company at the Closing.

6.5. Consents.

6.5.1. Prior to the Closing, Seller will use commercially reasonable efforts to obtain in writing, as promptly as possible and at its expense, all the Required Consents, in form and substance reasonably satisfactory to Buyer and will deliver to Buyer copies of such Required Consents after they are obtained by Seller; provided, that Seller will use a form of letter or application prepared by Buyer (subject to reasonable review and comment by Seller); provided that in no event will Seller request the consent of any Third Party or Affiliate later than 45 days following the date hereof. All documents delivered or filed with any Governmental Authority or any Person by or on behalf of Seller pursuant to this Section 6.5, when so delivered or filed, will be correct, current and complete in

all material respects. Buyer will cooperate with Seller to obtain all Required Consents, but Buyer will not be required to accept or agree or accede to any modifications or amendments to, or changes in, or the imposition of any condition to the transfer to Company (and the subsequent sale of the Company Interests to Buyer) of any Contract, Franchise or written instrument evidencing Real Property that are not reasonably acceptable to Buyer. Prior to the Closing, Seller will (i) use commercially reasonable efforts to give any notices required by the terms of the Contracts, Franchises, Real Property agreements and Licenses to be given prior to Closing and (ii) cooperate in good faith with Buyer in connection with requests for consents (other than Required Consents) required by the terms of the Contracts, Franchises, Real Property agreements and Licenses to be obtained. Notwithstanding the foregoing, Buyer will comply with the reasonable requests of Seller and, to the extent required, negotiate in good faith with any Third Party, as commercially reasonable for Seller to assign to Company in part the rights and obligations under any master Contract disclosed on SCHEDULE 4.6.

6.5.2. Notwithstanding the provisions of Section 6.5.1, Seller will not have any further obligation to obtain Required Consents: (a) with respect to Contracts relating to pole attachments where the licensing party will not, after Seller's exercise of commercially reasonable efforts, consent to an assignment of such Contract but requires that Buyer or Company enter into a new agreement with such licensing authority, in which case Buyer will use its commercially reasonable efforts to negotiate such an agreement for Company to enter into prior to (but contingent on) the Closing or as soon as practicable thereafter and Seller will cooperate with and assist Buyer in obtaining such agreements; (b) for any business radio license which Seller reasonably expects can be obtained within 120 days after the Closing and so long as such business radio license is eligible for automatic special temporary authorization under FCC rules with respect thereto; and (c) with respect to leased Real Property, if Seller obtains and makes operational prior to Closing substitute leased Real Property that is reasonably satisfactory to Buyer and on terms reasonably satisfactory to Buyer.

6.5.3. If and to the extent that Seller fails to obtain all Required Consents identified with an asterisk (*) on SCHEDULE 4.3 on or prior to the Closing (whether or not Buyer will have waived satisfaction of the condition to Closing set forth in Section 7.2.4), then, for a period of 15 months following the Closing, Seller with respect to such Systems and Assets will continue to use commercially reasonable efforts to obtain in writing as promptly as possible such Required Consents and will deliver copies of the same, reasonably satisfactory in form and substance, to Buyer.

6.5.4. Buyer will prepare and deliver to Seller no later than the date of this Agreement, Buyer's portion of FCC Forms 394 with respect to each Franchise for which a Required Consent must be obtained as set forth on SCHEDULE 4.3. Seller will prepare Seller's portion of such Forms for each such Franchise on or before the date of this Agreement. Seller and Buyer will

cooperate in the preparation of such Forms and will execute such Forms and Seller will deliver them to the appropriate Governmental Authority on or before February 28, 2001. In connection with such delivery, Seller will request and retain proofs of delivery and will promptly deliver copies of such proofs to Buyer. Without the prior consent of Buyer, Seller will not agree with any Governmental Authority to extend or to toll the time limits applicable to such Governmental Authority's consideration of any FCC Form 394 filed with such Governmental Authority. Seller will use commercially reasonable efforts to (i) provide advance notice to Buyer of any meetings or conferences (whether in person or by conference call) with Governmental Agencies concerning such Forms, and (ii) to permit Buyer to participate in such meetings or conferences on its own behalf.

6.5.5. Prior to the Closing and subject to Section 6.2, Seller will use commercially reasonable efforts to obtain a renewal or extension of any Franchise (for a period expiring no earlier than three years after the Closing Date) for which a valid notice of renewal pursuant to the formal renewal procedures established by Section 626 of the Communications Act has not been timely delivered to the appropriate Governmental Authority (as identified in SCHEDULE 4.9) and no written confirmation has been received from such Governmental Authority that the procedures established by Section 626 of the Communications Act nonetheless will be applicable with respect to the renewal or extension of such Franchise.

6.6. Title Commitments and Surveys. After the execution of this Agreement, Buyer may obtain, at its sole expense, (a) commitments for owner's title insurance policies on all Real Property owned by Seller and on easements which provide access to each such parcel of Real Property, and (b) an ALTA survey on each parcel of Real Property for which a title insurance policy is to be obtained. Seller will provide reasonable assistance in connection with Buyer obtaining such commitments and surveys, as Buyer may request from time to time. All such commitments and surveys will be obtained within 60 days of the date of this Agreement. If Buyer notifies Seller in writing within 15 days after the date Buyer receives the commitment or survey with respect to a parcel of owned or leased Real Property that the commitment or survey discloses a condition that constitutes a breach, or any facts which could be reasonably expected to result in a breach, of the representations of Seller contained in Section 4.7 or any condition that would prohibit Seller from transferring title to such Real Property free and clear of Encumbrances (other than Permitted Encumbrances), then Seller will promptly commence further investigation and use commercially reasonable efforts to at its expense to cure the condition prior to Closing. If Seller, having used such commercially reasonable efforts, is unable to cure the condition prior to Closing and Closing will occur, then any claim for indemnification that Buyer may have with respect to the condition may be brought without the requirement that such claims meet or exceed the Threshold Amount. Seller agrees to provide Buyer's title company with a

standard form of indemnification for any mechanic's or materialmen's lien affecting such Real Property which is not an Assumed Obligation and Liability.

6.7. HSR Notification. As soon as practicable after the execution of this Agreement, but in any event no later than 30 days after such execution, Seller and Buyer will each complete and file, or cause to be completed and filed, any notification and report required to be filed under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended (the "HSR Act"), with respect to the transactions contemplated by this Agreement; and each such filing will request early termination of the waiting period imposed by the HSR Act. The parties will use their commercially reasonable efforts to respond as promptly as reasonably practicable to any inquiries received from the Federal Trade Commission (the "FTC") and the Antitrust Division of the Department of Justice (the "Antitrust Division") for additional information or documentation and to respond as promptly as reasonably practicable to all inquiries and requests received from any other Governmental Authority in connection with antitrust matters. Each party will cooperate to prevent inconsistencies between their respective filings and between their respective responses to all such inquiries and requests, and will furnish to each other such necessary information and reasonable assistance as the other may reasonably request in connection with its preparation of necessary filings or submissions under the HSR Act. The parties will use their respective commercially reasonable efforts to overcome any objections which may be raised by the FTC, the Antitrust Division or any other Governmental Authority having jurisdiction over antitrust matters. Notwithstanding the foregoing, neither Buyer nor Seller will be required to make any significant change in the operations or activities of their respective business (or any material assets employed therein) or that of any of their respective Affiliates, if such party determines in good faith that such change would be materially adverse to the operations or activities of such business (or any material assets employed therein), provided such business has significant assets, net worth, or revenue. Each party will pay its own filing fees under the HSR Act in connection with the transactions contemplated by this Agreement.

6.8. Notification of Certain Matters. Seller will promptly notify Buyer of any fact, event, circumstance or action (a) which, if known on the date of this Agreement, would have been required to be disclosed to Buyer pursuant to this Agreement or (b) the existence or occurrence of which would cause any of Seller's representations or warranties under this Agreement not to be correct and complete as of the Closing Date.

6.9. Risk of Loss; Condemnation.

6.9.1. Seller will bear the risk of any loss or damage to the Assets resulting from fire, theft or other casualty (except reasonable wear and tear) at all times prior to the Closing. If any such loss or damage is so substantial as to prevent normal operation of any material portion of the Systems or the replacement or restoration of the lost or damaged property within 45 days after

the occurrence of the event resulting in such loss or damage, Seller will immediately notify Buyer of that fact and Buyer, at any time within 10 days after receipt of such notice, may elect by written notice to Seller either (a) to waive such defect and proceed toward consummation of the transactions contemplated by this Agreement in accordance with terms of this Agreement or (b) terminate this Agreement. If Buyer elects so to terminate this Agreement, Buyer and Seller will be discharged of any and all obligations hereunder. If Buyer elects to consummate the transactions contemplated by this Agreement notwithstanding such loss or damage and does so, there will be no adjustment in the consideration payable to Seller on account of such loss or damage, but all insurance proceeds payable as a result of the occurrence of the event resulting in such loss or damage will be delivered by Seller to Company, or the rights to such proceeds will be assigned by Seller to Company if not yet paid over to Seller.

6.9.2. If, prior to the Closing, all or any part of or interest in the Assets is taken or condemned as a result of the exercise of the power of eminent domain, or if a Governmental Authority having such power informs Seller or Buyer that it intends to condemn all or any part of the Assets (such event being called, in either case, a "Taking"), then (a) Buyer will have the sole right, in the name of Seller, if Buyer so elects, to negotiate for, claim, contest and receive all damages with respect to the Taking, (b) Seller will be relieved of its obligation to convey to Company the Assets or interests that are the subject of the Taking, (c) at the Closing, Seller will assign to Company all of Seller's rights to all damages payable with respect to such Taking and will pay to Buyer all damages previously paid to Seller with respect to the Taking, and (d) following the Closing, Seller will give Company such further assurances of such rights and assignment with respect to the Taking as Company may from time to time reasonably request. The foregoing will not affect or limit the scope of any representation or warranty of Seller in this Agreement or limit Buyer's right to rely on such representation or warranty as a condition of Closing to the extent set forth in this Agreement.

6.10. Transfer Taxes; Ad Valorem Obligations.

6.10.1. Any state or local sales, use, transfer, or documentary transfer Taxes or fees or any other charge imposed by any Governmental Authority (other than any of Seller's income, franchise, gross receipts, corporation, excess profits, rental, devolution, or payroll tax by whatsoever authority imposed or howsoever designated) arising from or payable by reason of the transfer of the Assets contemplated by this Agreement will be borne equally by Buyer and Seller. Tax returns required to be filed in respect of Transfer Taxes ("Transfer Tax Returns") will be prepared and filed by the party that has the primary responsibility under applicable law for filing such Transfer Tax Returns. If neither party has primary responsibility for filing a Transfer Tax Return, then Seller will be responsible for preparing and filing any such Transfer Tax Return.

6.10.2. Each party hereto will cooperate in assuring that all real property taxes, personal property taxes and similar ad valorem obligations that are levied with respect to the Assets or the Business for assessment periods in which the Closing Date occurs and are otherwise not accounted for in the adjustment to Purchase Price set forth in Section 3.3 of the Agreement or excluded pursuant to Section 2.2(w) (collectively, the "Apportioned Obligations") and any refund or rebate thereof, will be apportioned between Seller and Buyer as of the Closing Date based on the number of days in any such period falling on or before the Closing Date, on one hand, and after the Closing Date, on the other hand (it being understood that Seller is responsible for the portion of each such Apportioned Obligation attributable to the number of days from the most recent lien date to and including the Closing Time and Buyer is responsible for the portion of each such Apportioned Obligation attributable to the period after the Closing Time). An adjustment will be made to the Purchase Price to reflect any payment of Apportioned Obligations that have been made by Seller on or prior to the Closing Date that are apportioned to Buyer hereunder. The parties hereto will cooperate, including during times of audit by taxing Governmental Authorities, to avoid payment of duplicate or inappropriate Taxes or other ad valorem obligations of any kind or description which related to the Assets or the Business, and each party will furnish, at the request of the other, proof of payment of any such Taxes or ad valorem obligations or other documentation that is a prerequisite to avoiding payment of a duplicate or inappropriate Tax or other ad valorem obligations.

6.11. Updated Schedules. Not less than 10 Business Days prior to the Closing, Seller will deliver to Buyer revised copies of the Schedules to this Agreement, which will have been updated and marked to show any changes occurring between the date of this Agreement and the date of delivery. Seller will update all Schedules, regardless of whether the original Schedule is as of a certain date; provided that SCHEDULE 4.16 will be updated to a reasonable date between the date of this Agreement and the Closing Date. Such updates are for informational purposes only, and for purposes of determining whether Seller's representations, warranties and covenants in this Agreement are true and correct at Closing, all references to the Schedules will mean the version of the Schedules attached to this Agreement on the date of signing. Notwithstanding the foregoing, if the effect of any such updates to Schedules is to disclose any one or more additional properties, privileges, rights, interests or claims, in each case acquired after the date of this Agreement ("New Properties") as Assets that would have been (if owned on the date of this Agreement) required by this Agreement to have been disclosed by Seller in its original Schedules and that were acquired by Seller after the date of this Agreement in breach of this Agreement, then Buyer, at or before Closing, will have the right (to be exercised by written notice delivered to Seller at least two days prior to the Closing Date) to cause any one or more of such New Properties to be designated as and deemed to constitute Excluded Assets for all purposes under this Agreement. Notwithstanding anything to the contrary contained in this Agreement, and except as set forth in the preceding sentence with respect to New Properties, the

waiver of any condition to Closing by a party who has knowledge of a breach by the other party will not be deemed a waiver of any rights and remedies with respect to such breach under this Agreement.

6.12. Use of Seller's Name. Seller and its Affiliates will retain all rights with respect to the names "AT&T," "Tele-Communications, Inc." and "TCI" or any and all derivations thereof after the Closing. Buyer will cause Company to remove or delete such names or any and all derivations thereof from the Business and Assets as soon as reasonably practicable, but in any event by the 120th day following the Closing. Seller and its Affiliates will take no action to enforce their intellectual property rights in such names during such 120-day period, provided Buyer complies with the terms of this Section 6.12. Notwithstanding the foregoing, nothing in this Section 6.12 will require Buyer to remove or discontinue using any such name or mark that is affixed to converters or other items in customer homes or properties on the Closing Date, or as are used in a similar fashion which makes such removal or discontinuation impracticable.

6.13. Transitional Billing Services. Seller will provide to Buyer, upon request, access to and the right to use its billing system computers, software and related fixed assets in connection with the Systems for a period of up to six months following the Closing to allow for conversion of existing billing arrangements, including billing and related arrangements regarding internet access services being provided to customers of a System on the Closing Date ("Transitional Billing Services"). Buyer will notify Seller at least 30 days prior to the Closing as to whether it desires Transitional Billing Services from Seller. All Transitional Billing Services, if any, that are requested by Buyer will be provided on terms and conditions reasonably satisfactory to each party; provided, however, that the amount to be paid by Buyer for such Transitional Billing Services will not exceed the out-of-pocket cost to Seller of providing such Transitional Billing Services. Seller will notify Buyer of the cost to Seller of providing such Transitional Billing Services within 10 Business Days after receiving Buyer's notice requesting the provision of such Transitional Billing Services.

6.14. Transition of High Speed Data Services. Seller will provide to Buyer, upon request, transitional services for a period of up to six months following the Closing to allow for conversion of existing high speed data services provided by the Systems, which services may include billing, technical and customer support ("Transitional HSD Services"). Buyer will notify Seller at least 60 days prior to the Closing as to whether it desires Transitional HSD Services from Seller. All Transitional HSD Services, if any, and the scope of such Transitional HSD Services that are requested by Buyer will be provided on terms and conditions reasonably satisfactory to each party; provided, however, that the amount to be paid by Buyer for such Transitional HSD Services will not exceed the out-of-pocket cost to Seller of providing such Transitional HSD Services.

6.15. Certain Notices. Seller will duly and timely file a valid request for renewal under Section 626 of the Communications Act with the proper Governmental Authority with respect to all Franchises of the Business that will expire within 33 months after any date between the date of this Agreement and the Closing Date.

6.16. Satisfaction of Conditions. Each party will use commercially reasonable efforts to satisfy, or to cause to be satisfied, the conditions to the obligations of the other party to consummate the transactions contemplated by this Agreement, as set forth in Section 7, by no later than June 15, 2001.

6.17. Bulk Transfers. Buyer and Seller each waive compliance by the other with Legal Requirements relating to bulk transfers that may be applicable to the transactions contemplated hereby.

6.18. Programming Matters. Buyer will cause Company to execute and deliver to Seller such documents and take such actions as may be reasonably requested by Seller to comply with the requirements of Seller's programming Contracts and channel line-up requirements with respect to divestitures of cable television systems. Seller will execute and deliver such documents as may be reasonably requested by Buyer to comply with the requirements of Buyer's programming Contracts and channel line-up requirements with respect to acquisitions of cable television systems. Neither party will be required to make any payments to the other's programmers in the fulfillment of its obligations under this Section 6.18; provided, however, that neither Buyer nor Company will be required to provide specific programming or channels or to assume any liability with respect to or in connection with the programming agreements of Seller or any of its Affiliates.

6.19. Cooperation as to Rates and Fees.

6.19.1. After the Closing, notwithstanding the terms of Section 10.4, Buyer will have the right at its own expense to assume control of the defense of any rate proceeding with respect to the Systems that remains pending as of the Closing or that arises after the Closing but relates to the pre-Closing operation of the Systems. Buyer will promptly notify Seller regarding the commencement of any such rate proceeding relating to the pre-Closing operation of the Systems. In any such rate proceeding involving the Systems, Seller will cooperate in such proceeding and promptly deliver to Buyer all information reasonably requested by Buyer as necessary or helpful in such proceeding.

(a) If Buyer elects to assume control of the defense of any such rate proceeding, then (i) Seller will have the right to participate, at its expense, in the defense in such rate proceeding, and (ii) Buyer will have the right to settle any rate proceeding relating to the pre-Closing operation of the Systems unless under such settlement Seller would be required to bear liability with

respect to the pre-Closing time period, in which event such settlement will require Seller's prior written consent, which consent will not be unreasonably withheld, conditioned or delayed.

(b) If Buyer does not elect to assume control of the defense of any such rate proceeding, then (i) Buyer will have the right to participate, at its expense, in the defense in such rate proceeding, and (ii) without the prior consent of Buyer (which will not be unreasonably withheld, conditioned or delayed), Seller will not settle such rate proceeding if such settlement would require Buyer or Company to bear any liability or would adversely affect the rates to be charged by Buyer or Company. In any such rate proceeding involving the Systems, Buyer will cooperate in such proceeding and promptly deliver to Seller all information in its possession that is reasonably requested by Seller as necessary or helpful in such proceeding.

6.19.2. Prior to Closing, Seller will not settle or permit to be settled any rate proceeding with respect to the Systems or Franchises without the consent of Buyer, which consent will not be unreasonably withheld or delayed, unless the proposed settlement includes injunctive or other relief that adversely affects the Assets or its or Company's ability to operate such Systems substantially in the manner in which they are operated on the date of this Agreement (other than changing the rates in question), in which case consent may be withheld or delayed in Buyer's sole discretion.

6.19.3. If Seller is required, following the Closing, pursuant to any Legal Requirement, settlement or otherwise, to reimburse or provide in-kind or another form of consideration to any subscribers of the Systems in respect of any subscriber payments previously made by them, including fees for cable television service, equipment charges, late fees and similar payments, Buyer agrees that it will cause Company to make such reimbursement or provide such in-kind or other form of consideration through Buyer's billing system on terms reasonably specified by Seller, and Seller will reimburse Buyer for all such payments and other consideration made by Buyer following the Closing and for Buyer's reasonable out-of-pocket expenses incurred in connection therewith. Such reimbursement will be reflected in the Final Adjustments Report, to the extent then known. For expenses incurred after completion of the Final Adjustments Report, Seller will reimburse Buyer within 60 days after receipt of a statement therefor. Seller and Buyer will provide each other with all information in its possession that is reasonably required by such other party in connection with such reimbursement.

6.20. Cooperation on Pending Litigation. With respect to any defense or prosecution of any litigation or legal proceeding with respect to the Systems that relates to the period prior to the Closing Time and for which Seller and its Affiliates are responsible pursuant to this Agreement, Buyer will cause Company to cooperate with and assist Seller and its Affiliates, upon reasonable request and at Seller's expense, by undertaking commercially reasonable efforts to make

witnesses available and provide all information in its possession (including access to employees with information regarding such proceedings and access to books and records that may relate to the proceedings) that Seller and its Affiliates may reasonably require in connection with such litigation or legal proceedings or in response to any complaint, claim, inquiry, order or requirements of any Governmental Authority or other Third Party. No action undertaken by Buyer or Company as requested by Seller under this Section 6.20 will be deemed a waiver of any rights and remedies it may have with respect to any breach under this Agreement.

6.21. Confidentiality.

6.21.1. Neither Buyer nor Seller will, nor will it permit any of its Affiliates to, issue any press release or make any other public announcement or any oral or written statements to Seller's employees concerning this Agreement or the transactions contemplated hereby except as required by applicable Legal Requirements, without the prior written consent of the other party. Each party will hold, and will cause its employees, consultants, advisors and agents to hold, the terms of this Agreement in confidence; provided that (a) such party may use and disclose such information once it has become publicly disclosed (other than by such party in breach of its obligations under this Section) or which rightfully has come into the possession of such party (other than from the other party) and (b) to the extent that such party may be compelled by Legal Requirements to disclose any of such information, but the party proposing to disclose such information will first notify and consult with the other party concerning the proposed disclosure, to the extent reasonably feasible. Each party also may disclose such information to employees, consultants, advisors, agents and actual or potential lenders whose knowledge is necessary to facilitate the consummation of the transactions contemplated by this Agreement. The obligation by either party to hold information in confidence pursuant to this Section will be satisfied if such party exercises the same care with respect to such information as it would exercise to preserve the confidentiality of its own similar information.

6.21.2. All information concerning the Business or Assets obtained by Buyer or its Affiliates pursuant to or in connection with negotiation of this Agreement will be used by Buyer and its Affiliates solely for purposes related to this Agreement and, in the case of nonpublic information, will, except as may be required for the performance of this Agreement or by Legal Requirement, be kept in strict confidence by Buyer and its Affiliates in accordance with the terms of the letter agreement dated October 24, 2000, as amended effective on the date of this Agreement, which letter agreement, as amended, is hereby incorporated in this Agreement by reference. Any breach of such letter agreement, as amended, will be deemed a material breach of this Agreement.

6.22. Lien Searches. Seller will obtain, at its expense, and deliver to Buyer at least 45 Business Days prior to the Closing Date, the results of a lien search conducted by a professional search company of records in the offices of the secretaries of state in each state and county clerks in each county where there exist any Real Property or Equipment, and in the state and county where Seller's principal offices are located, including copies of all financing statements or similar notices or filings (and any continuation statements) discovered by such search company.

6.23. Further Assurances. At or after the Closing, each party at the request of the other party, will promptly execute and deliver, or cause to be executed and delivered, to the other party all such documents and instruments, in addition to those otherwise required by this Agreement, in form and substance reasonably satisfactory to the other party as the other party may reasonably request in order to carry out or evidence the terms of this Agreement or to collect any accounts receivable or other claims included in the Assets.

6.24. Expired Leases. Seller will exercise commercially reasonable efforts prior to Closing to obtain written renewals or extensions, on terms reasonably acceptable to Buyer, for at least one year following the Closing of all leases of Real Property that will have expired prior to the Closing.

6.25. Environmental Assessment.

6.25.1. Seller acknowledges and agrees that Buyer may commission, at Buyer's cost and expense, a "Phase I" environmental site assessment of the Real Property owned by Seller (a "Phase I Assessment") or "Phase II" assessment, or other testing or analysis of the Real Property owned by Seller as Buyer may deem appropriate (a "Phase II Assessment"). Seller will use its commercially reasonable efforts to comply with any reasonable request for information made by Buyer or its agents in connection with any such investigation, but in no event will Seller be required under this Section 6.25.1 to disclose any materials constituting attorney-client privileged communications. Seller covenants that any response to any such request for information will be complete and correct in all material respects. Seller will afford Buyer and its agents or representatives access to all operations of Seller at all reasonable times and in a reasonable manner in connection with any such investigation. Any such assessment will be completed within 60 days of the date of this Agreement. If Buyer notifies Seller in writing within 15 days after the date Buyer receives the assessment with respect to a parcel of owned Real Property that the assessment discloses an environmental condition that (a) constitutes a breach, or any facts which could be reasonably expected to result in a breach, of the representations of Seller contained in Section 4.8 or (b) could reasonably be expected to impair the use or value of such Real Property for the continued operations of the Business or subject Buyer to any Losses if Buyer consummates this Agreement, then Seller will promptly commence further investigation and use commercially reasonable efforts to at its expense to cure the condition prior to Closing. If

Seller, having used such commercially reasonable efforts, is unable to cure the condition prior to Closing and Closing will occur, then any claim for indemnification that Buyer may have with respect to the condition may be brought without the requirement that such claims meet or exceed the Threshold Amount.

6.25.2. In the event this Agreement is terminated or fails to close in accordance with its terms, Buyer agrees to repair any damage or disturbance it causes to the Real Property in the course of such investigative activities by returning such Real Property to approximately the same condition as existed prior to such investigative activities. Buyer will indemnify, defend and hold Seller free and harmless from and against any and all claims, actions, causes of action, suits, proceedings, costs, expenses (including reasonable attorneys' and consultants' fees and costs), liabilities, damages, and liens of any type arising directly out of any act or omission of Buyer or any of Buyer's representatives on or about the Real Property in the course of such investigative activities. However, neither of the two preceding sentences will be interpreted to impose any obligation upon Buyer with respect to Hazardous Substances present at, on, in, under or about, or any conditions existing on, the Real Property at the time of such investigative activities, except to the extent Buyer's negligence or willful misconduct causes a release of such Hazardous Substances or otherwise exacerbates any such condition in a manner that leads to liability under any Environmental Law.

6.25.3. All information collected and generated as a result of the environmental due diligence authorized by Section 6.25.1 will be subject to the terms and conditions of Section 6.21 of this Agreement. Buyer will provide to Seller copies of all reports, assessments and other information composed or compiled by Buyer's environmental consultants within five (5) Business Days after Buyer's receipt of copies thereof.

6.26. No Offers. Seller (and its directors, officers, employees, representatives and agents) will not directly or indirectly, (i) offer the Assets, the Systems or the Business for sale, (ii) solicit, encourage or entertain offers for such Assets, Systems or Business, (iii) initiate negotiations or discussions for the sale of such Assets, Systems or Business or (iv) make information about such Assets, Systems or Business available to any Third Party in connection with the possible sale of such Assets, Systems or Business prior to the Closing Date or the date this Agreement is terminated in accordance with its terms.

6.27. Taxes. Seller and Buyer will reasonably cooperate in connection with the preparation and filing of any Tax return or any similar information statement, including any Transfer Tax Returns, for which the other is responsible for preparing and filing with respect to the Assets.

6.28. Distant Broadcast Signals. Unless otherwise restricted or prohibited by any Governmental Authority, applicable Legal Requirements or

Contract, Seller will, if requested by Buyer, delete prior to the Closing any distant broadcast signals which Buyer determines will result in unacceptable liability on the part of Buyer or Company for copyright payments with respect to continued carriage of such signals after the Closing; provided, however, that Seller may refuse to honor such a request if such deletion could reasonably be expected to delay or otherwise jeopardize Seller's ability to complete the transactions contemplated herein.

6.29. System Telephone Services. Prior to Closing, Buyer will select a vendor for the provision, and arrange for the transition, of all telephony services (e.g., long distance, data circuits, and 800 number) used in connection with the operation of the Systems. If Buyer fails to effect the transition of telephony services to its selected vendor as of the Closing Date, then Buyer will reimburse Seller for all charges incurred by Seller after Closing with respect to telephony services used in connection with the operation of the Systems or in the conduct of the Business.

6.30. Implementation of Voting Trust or other Restructuring. In the event that the ownership by Seller or its Affiliates of the Share Consideration is reasonably determined by Buyer or Seller to be attributable and such attribution, at or following the Closing, (a) would result in a violation of any cross or multiple-ownership rule or regulation promulgated by the FCC (the "Ownership Rules"), including the Cable/Broadcast Television Ownership Rules (47 C.F.R. Section 76.501(a)), the Cable Television Horizontal Ownership Rules, if applicable (47 C.F.R. Section 76.503), or the Cable/MMDS Cross Ownership Rules (47 C.F.R. Section 21.912) or (b) would prevent Seller or Buyer or any of their respective Affiliates from engaging in the transmission of video, audio (including telephony) and data over cable television systems owned, operated or managed by it in any area within the United States as a result of a potential violation of the Ownership Rules, whether by acquisition of an existing system or original construction, the Parties will cooperate in good faith to remedy or avoid any violation of the Ownership Rules by (a) modifying this Agreement and taking such other actions as required for the Share Consideration to be deposited at Closing in an FCC-approved voting trust for the benefit of Seller and pursuant to which neither Seller, Buyer nor any of their Affiliates will have a right to vote the Share Consideration, (b) by seeking appropriate relief from the FCC with respect to Seller's and its Affiliates' ownership of the Share Consideration, or (c) such other restructuring of the transactions contemplated by this Agreement or, following the Closing, Seller's ownership of the Share Consideration, as is mutually reasonably acceptable to the Parties. If such determination is made prior to the Closing, neither Party will be required to consummate the Closing until such remedial actions are effected. Notwithstanding the foregoing, under no circumstances will Buyer or any of its Affiliates be required pursuant to this Section 6.30 to purchase any of the Share Consideration or any other securities of Buyer or its Affiliates that are owned by Seller or its Affiliates.

6.31. Formation of Company. Seller will form Company as a single member limited liability company solely owned by Seller and pursuant to an operating agreement reasonably acceptable to Buyer. Seller will cause Company not to enter into any transactions or assume any liabilities prior to the Closing except as provided in this Agreement.

6.32. Dissolution of Seller. Promptly following the Closing, Seller will take such action as may be required to dissolve and terminate its corporate existence and to liquidate completely and to distribute directly to the holder of its common stock all of its right, title and interest in and to its assets and liabilities, including the Share Consideration.

6.33. Buyer Tax Covenants.

6.33.1. Buyer will continue at least one significant historic business line of Company, or use at least a significant portion of Company's historic business assets in a business, in each case within the meaning of Treasury Reg. Section 1.368-1(d), except that Buyer may transfer Company's historic business assets (i) to a corporation that is a member of Buyer's "qualified group," within the meaning of Treasury Reg. Section 1.368-1(d)(4)(ii), or (ii) to a partnership if (A) one or more members of Buyer's "qualified group" have active and substantial management functions as a partner with respect to Company's historic business or (B) members of Buyer's "qualified group" in the aggregate own an interest in the partnership representing a significant interest in Company's historic business, in each case within the meaning of Treasury Reg. Section 1.368-1(d)(4)(iii).

6.33.2. Neither Buyer nor a party related to Buyer within the meaning of Treasury Reg. Section 1.368-1(e)(3) will acquire any of the Charter Class A Common Stock issued in the Transaction.

6.33.3. Buyer on behalf of itself and its Affiliates agrees that it will take no action which would cause the Transaction to fail to qualify as a "reorganization" within the meaning of Section 368(a)(1)(C) of the Code and that it will cause its respective Affiliates to file all Tax returns in a manner consistent with the qualification of the Transaction as a "reorganization" within the meaning of Section 368(a) of the Code.

6.34. Sale of Charter Class A Common Stock. Seller will not sell or otherwise dispose of the Charter Class A Common Stock comprising the Share Consideration except in compliance with applicable state and federal securities laws.

7. CONDITIONS TO CLOSING.

7.1. Conditions to the Obligations of Buyer and Seller. The obligations of each party to consummate the transactions contemplated by this Agreement

are subject to the satisfaction, at or before the Closing, of the following, which may be waived by the parties to the extent not prohibited by applicable Legal Requirements:

7.1.1. HSR Act Filings. All filings required under the HSR Act have been made and the applicable waiting period has expired or been terminated.

7.1.2. Absence of Legal Proceedings; Judgment. No judgment has been entered and not vacated by any Governmental Authority and no Legal Requirement has been enacted, promulgated or issued or become or deemed applicable to any of the transactions contemplated by this Agreement by any Governmental Authority, which prevents or makes illegal the transactions contemplated by this Agreement. No action, suit or proceeding is pending or threatened by any federal Governmental Authority which would prevent or make illegal the transactions contemplated by this Agreement.

7.2. Conditions to the Obligations of Buyer. The obligations of Buyer to consummate the transactions contemplated by this Agreement are subject to the satisfaction, at or before the Closing, of the following conditions, which may be waived by Buyer (subject to Section 10.3(d)) to the extent not prohibited by applicable Legal Requirements:

7.2.1. Accuracy of Representations and Warranties. The representations and warranties of Seller in this Agreement are true, complete and correct (without regard to any materiality or similar qualifications contained therein), at and as of the Closing with the same effect as if made at and as of the Closing, except (i) for changes, if any, permitted or contemplated by this Agreement, (ii) to the extent a different date is specified therein, in which case such representation and warranty is true and correct as of such date and (iii) to the extent that all misstatements, omissions and inaccuracies in the representations and warranties of Seller, in the aggregate, do not have and could not reasonably be expected to have a Material Adverse Effect.

7.2.2. Performance of Agreements. Seller in all material respects has performed and complied with each obligation, agreement, covenant and condition required by this Agreement to be performed or complied with by Seller at or prior to the Closing.

7.2.3. Deliveries. Seller has delivered the items and documents required to be delivered by it pursuant to this Agreement, including those required under Section 8.2.

7.2.4. Required Consents. Except as otherwise provided in Section 6.5.2, Seller will have received and delivered to Buyer in form and substance reasonably satisfactory to Buyer, all of the Required Consents marked with an asterisk on SCHEDULE 4.3 (including those incorporated by reference), all

Required Consents for other CARS Licenses and Business Radio Licenses over 470 MHz and all Required Consents for other tower and headend leases; provided, however, that this condition, to the extent it relates to Required Consents of Governmental Authorities for Franchises, will be deemed to be satisfied when, the aggregate number of Equivalent Basic Subscribers (i) located in areas where it is legally permissible to operate without a franchise or that are served pursuant to Franchises that do not require consent, or (ii) that are located in franchise areas where the Franchise is not expired as to which Required Consents have been obtained in form and substance reasonably satisfactory to Buyer (or the consent of the appropriate Governmental Authority will be deemed to have been received in accordance with Section 617 of the Communications Act (47 U.S.C. 537)), divided by of the total number of Equivalent Basic Subscribers for all of the Systems (the "Franchise Consent Ratio") is equal to or greater than 90%. For purposes of calculating the Franchise Consent Ratio, the number of Equivalent Basic Subscribers related to each franchise and for all of the Systems as a whole will be calculated as of April 30, 2001, or otherwise agreed upon by the parties.

7.2.5. Subscribers. The aggregate of the Equivalent Basic Subscribers and the "Equivalent Basic Subscribers" under the Related Agreement as of the last day of the calendar month immediately preceding the Closing Date is not less than 132,600.

7.2.6. No Material Adverse Changes. During the period from December 31, 2000, through and including the Closing Date, there will not have occurred and be continuing any event or events having, individually or in the aggregate, a Material Adverse Effect.

7.2.7. Franchise Renewals. Each Franchise for which (a) a valid notice of renewal pursuant to the formal renewal procedures established by Section 626 of the Communications Act has not been timely delivered to the appropriate Governmental Authority and (b) with respect to which the appropriate Governmental Authority has not confirmed in writing that the procedure established by Section 626 nonetheless will apply to the renewal or extension of such Franchise, will have been renewed or extended for a period expiring no earlier than three years after the Closing Date.

7.2.8. At Home Agreement. Seller will have caused At Home Corporation to execute and deliver to Buyer an Affiliation Agreement, which Affiliation Agreement, in combination with the Transitional HSD Services, will permit Buyer to provide high speed data services to subscribers for six months following Closing and will be on terms consistent with At Home Corporation's then-standard terms and conditions offered to Third Party MSOs, which terms will be no less favorable than either (at At Home Corporation's election), Buyer's or Buyer's Affiliate's then-current At Home Affiliation Agreement for its Fort Worth, Texas, cable system or Buyer's or Buyer's Affiliate's then-

current At Home Affiliation Agreement for its Greenville/Spartanburg, South Carolina, cable system.

7.3. Conditions to Obligations of Seller. The obligations of Seller to consummate the transactions contemplated by this Agreement are subject to the satisfaction at or before the Closing, of the following, which may be waived by Seller, to the extent not prohibited by applicable Legal Requirements:

7.3.1. Accuracy of Representations and Warranties. The representations and warranties of Buyer in this Agreement, if qualified by a reference to materiality, are true, complete and correct and, if not so qualified, are true, complete and correct in all material respects, at and as of the Closing with the same effect as if made at and as of the Closing, except for changes, if any, permitted or contemplated by this Agreement and except to the extent a different date is specified therein, in which case such representation and warranty is true and correct as of such date.

7.3.2. Performance of Agreements. Buyer in all material respects has performed and complied with each obligation, agreement, covenant and condition required by this Agreement to be performed or complied with by Buyer at or prior to the Closing.

7.3.3. Deliveries. Buyer has delivered the payment, items and documents required to be delivered by it pursuant to this Agreement, including those required under Section 8.3.

8. CLOSING.

8.1. Time and Place of the Closing. The Closing will be held on a date specified by Seller which is no less than five nor more than 10 Business Days following the date all conditions to the Closing contained in this Agreement (other than those based on acts to be performed at the Closing) have been satisfied or waived; provided, however, either party may postpone the Closing Date until the last day of the month in which all such conditions are satisfied or waived. The Closing will be held at 9:00 a.m., local time, at Seller's counsel's office located at 633 Seventeenth Street, Suite 3000, Denver, Colorado 80202, or at such other place and time as Buyer and Seller may agree.

8.2. Seller's Delivery Obligations. At the Closing, Seller will deliver (or cause to be delivered) to Buyer the following:

(a) A Bill of Sale and Assignment and Assumption Agreement in substantially the form of EXHIBIT A to this Agreement with respect to the transfer of the Assets to, and assumption of the Assumed Obligations and Liabilities by, Company and a Bill of Sale in substantially the form of EXHIBIT C to this Agreement with respect to the transfer of the Company Interests to Buyer;

(b) A special or limited warranty deed conveying title to Company in a form reasonably acceptable to Buyer (and complying with applicable state laws) with respect to each parcel of Real Property which is owned by Seller, and the improvements thereon, duly executed and acknowledged and in recordable form, warranting only to defend title to such owned Real Property against all persons claiming by, through or under Seller, subject, however, to any Permitted Encumbrances;

(c) Title certificates to all vehicles included among the Assets (including those subject to leases), endorsed for transfer of valid and good title to Company, free and clear of all Encumbrances and leases (other than Permitted Encumbrances), and separate bills of sale or other transfer documentation for such vehicles, if required by the laws of the states in which such vehicles are titled;

(d) A certificate, dated the Closing Date, signed by an officer of Seller, stating, solely in his or her capacity as such officer, that the conditions set forth in Sections 7.2.1 and 7.2.2 are satisfied;

(e) A FIRPTA Non-Foreign Seller Certificate from Seller certifying that it is not a foreign person within the meaning of Section 1445 of the Internal Revenue Code of 1986, as amended (the "Code") reasonably satisfactory in form and substance to Buyer;

(f) Evidence reasonably satisfactory to Buyer that all Encumbrances (other than Permitted Encumbrances) affecting or encumbering the Assets have been terminated, released or waived, as appropriate, or original, executed instruments in form reasonably satisfactory to Buyer effecting such terminations, releases or waivers;

(g) Copies of all Required Consents which have been obtained by the Seller prior to Closing;

(h) All Books and Records, delivery of which will be deemed made to the extent such Books and Records are then located at any of the offices of the Systems included in the Real Property;

(i) An opinion of Sherman & Howard L.L.C., counsel for Seller, in substantially the form of EXHIBIT D; and

(j) Such other documents as Buyer may reasonably request in connection with the transactions contemplated by this Agreement.

8.3. Buyer's Delivery Obligations. At the Closing, Buyer will deliver (or cause to be delivered) to Seller the following:

(a) A certificate representing the Share Consideration;

(b) A Registration Rights Agreement in substantially the form of EXHIBIT F (the "Registration Rights Agreement"), executed by Buyer;

(c) A certificate, dated the Closing Date, signed by an officer of Buyer, stating, solely in his or her capacity as such officer, that the conditions set forth in Sections 7.3.1 and 7.3.2 are satisfied;

(d) An opinion of Irell & Manella LLP, counsel for Buyer, in substantially the form of EXHIBIT E; and

(e) Such other documents as Seller may reasonably request in connection with the transactions contemplated by this Agreement.

9. TERMINATION.

9.1. Events of Termination. This Agreement may be terminated and the transactions contemplated by this Agreement may be abandoned at any time prior to the Closing:

9.1.1. By the mutual written consent of Buyer and Seller;

9.1.2. By either party, upon written notice to the other party, if the transactions contemplated by this Agreement to take place at the Closing have not been consummated by the date which is 12 months after the date of this Agreement, for any reason other than (i) a breach or default by such party in the performance of any of its obligations under this Agreement or (ii) the failure of any representation or warranty of such party to be accurate; or

9.1.3. By either party at any time upon written notice to the other, if the other is in material breach or default of any of its covenants, agreements or other obligations in this Agreement or in any Transaction Document and fails to cure such breach or default (a) within the 30-day period following such written notice or, (b) if such breach or default is incapable of being cured within such 30-day period and the defaulting party promptly initiates and diligently pursues such cure to completion upon receipt of such notice, within a reasonable period of time.

9.2. Liabilities in Event of Termination. If this Agreement is terminated pursuant to Section 9.1, all obligations of the parties under this Agreement will terminate except for the parties respective obligations under Section 6.21 and 11.18. Notwithstanding a party's right to pursue remedies for breach of contract upon termination of this Agreement in accordance with Section 9.1, no remedies for breaches of representations and warranties will be available if this Agreement is terminated pursuant to Section 9.1. Furthermore, if the Closing does not occur, no party will be liable for any incidental, consequential, exemplary, special, or punitive damages in connection with any claim for breach of this Agreement.

10. SURVIVAL OF REPRESENTATIONS AND WARRANTIES; INDEMNIFICATION.

10.1. Survival of Representations and Warranties. The representations and warranties of the parties in this Agreement and the Transaction Documents will survive the Closing until 15 months after the Closing Date, except that (a) the representations and warranties relating to Taxes, ERISA and environmental matters will survive until 90 days after the expiration of the applicable statute of limitations and (b) the representations and warranties relating to Seller's title to, and the absence of Encumbrances (other than Permitted Encumbrances) on, the Assets and the representations and warranties contained in Section 5.9 will survive indefinitely and will not be merged into or otherwise limited by any deed or other conveyance document. The applicable periods of survival of the representations and warranties prescribed by this Section 10.1 are referred to as the "Survival Period." The liabilities of the parties under their respective representations and warranties will expire as of the expiration of the applicable Survival Period; provided, however, that such expiration will not include, extend or apply to any representation or warranty, the breach of which has been asserted by a party in a written notice to the breaching party before such expiration. The covenants and agreements of the parties in this Agreement and the Transaction Documents will survive the Closing and will continue in full force and effect without limitation.

10.2. Indemnification by Seller. Following the Closing, Seller and AT&T Parent, jointly and severally, will indemnify, defend and hold harmless Buyer and its shareholders and its and their respective Affiliates, and the shareholders, directors, officers, partners, members, employees, agents, successors and assigns of any of such Persons and any Person claiming by or through any of them, from and against all Losses of or to Buyer or any such other indemnified Person resulting from or arising out of (a) any breach of any representation or warranty made by Seller in this Agreement (without regard to any materiality or similar qualifications contained therein), (b) any breach of any covenant, agreement or obligation of Seller contained in this Agreement, and (c) any liability or obligation of Seller or relating to the Business not included in the Assumed Obligations and Liabilities.

10.3. Indemnification by Buyer. Following the Closing, Buyer will indemnify, defend and hold harmless Seller and Seller's shareholders, directors, officers, partners, members, employees, agents, successors and assigns, and any Person claiming by or through any of them, from and against all Losses of or to Seller or any such other indemnified Person resulting from or arising out of (a) any breach of any representation or warranty made by Buyer in this Agreement (without regard to any materiality or similar qualifications contained therein), (b) any breach of any covenant, agreement or obligation of Buyer contained in this Agreement, (c) the failure by Buyer to assume and perform the Assumed Obligations and Liabilities, and (d) if Buyer waives the condition to Closing contained in Section 7.2.4 that the Franchise Consent Ratio equal or exceed 90%, the transfer of Assets to Company or the transfer of the Company

Interests to Buyer without having obtained the scheduled Required Consents (or deemed consents) with respect to any Franchise; provided, however, in no event shall clause (d) hereof be interpreted to reduce Buyer's rights to recover with respect to any breaches by Seller of its representations, warranties or covenants. All indemnification made by Buyer under this Agreement will be paid in Charter Class A Common Stock valued at the average for the 30 consecutive Trading Days ending the day before such payment of (i) the last reported sales prices, regular way, as reported on the principal national securities exchange on which such securities are listed or admitted for trading on each such Trading Day or (ii) if such securities are not listed or admitted for trading on any national securities exchange, the last reported sales prices, regular way, as reported on the Nasdaq National Market or, if such securities are not listed on the Nasdaq National Market, the average of the highest bid and lowest asked prices on each such Trading Day as reported on the Nasdaq Stock Market, or (iii) if such securities are not listed or admitted to trading on any national securities exchange, the Nasdaq National Market or the Nasdaq Stock Market, the average of the highest bid and lowest asked prices on each such Trading Day in the domestic over-the-counter market as reported by the National Quotation Bureau, Incorporated, or any similar successor organization (subject to adjustments to prevent dilution as provided in Section 3.2)

10.4. Third Party Claims. Promptly after the receipt by any party of notice of any claim, action, suit or proceeding by any Person who is not a party to this Agreement (collectively, an "Action"), which Action is subject to indemnification under this Agreement, such party (the "Indemnified Party") will give reasonable written notice to the party from whom indemnification is claimed (the "Indemnifying Party"). The Indemnified Party will be entitled, at the sole expense and liability of the Indemnifying Party, to exercise full control of the defense, compromise or settlement of any such Action unless the Indemnifying Party, within a reasonable time after the giving of such notice by the Indemnified Party, (a) notifies the Indemnified Party in writing of the Indemnifying Party's intention to assume such defense, (b) agrees in writing to the Indemnified Party to assume and pay the Indemnified Party's losses resulting from such Action, and (c) retains legal counsel reasonably satisfactory to the Indemnified Party to conduct the defense of such Action. The other party will cooperate with the party assuming the defense, compromise or settlement of any such Action in accordance with this Agreement in any manner that such party reasonably may request. If the Indemnifying Party so assumes the defense of any such Action, the Indemnified Party will have the right to employ separate counsel and to participate in (but not control) the defense, compromise or settlement of the Action, but the fees and expenses of such counsel will be at the expense of the Indemnified Party, unless (i) the Indemnifying Party has agreed to pay such fees and expenses, (ii) any relief other than the payment of money damages is sought against the Indemnified Party or (iii) the Indemnified Party has been advised by its counsel that there may be one or more defenses available to it which are different from or additional to those available to the Indemnifying Party, and in any such case that portion of the reasonable out of pocket fees and

expenses of such separate counsel that are reasonably related to matters covered by the indemnity provided in this Section 10 will be paid by the Indemnifying Party, provided that the Indemnifying Party will not be obligated to pay the expenses of more than one separate counsel in each jurisdiction for each Indemnified Party so entitled to separate counsel. Expenses of counsel to the Indemnified Party will be reimbursed on a current basis by the Indemnifying Party if such expenses are a liability of the Indemnifying Party and if there is no dispute as to the applicability of indemnification. No Indemnified Party will settle or compromise any such Action for which it is entitled to indemnification under this Agreement without the prior written consent of the Indemnifying Party (not to be unreasonably withheld), unless the Indemnifying Party has failed, after reasonable notice, to undertake control of such Action in the manner provided in this Section 10.4. No Indemnifying Party will settle or compromise any such Action without the prior written consent of the Indemnified Party (not to be unreasonably withheld); provided, however, in any Action (i) in which any relief other than the payment of money damages is sought against any Indemnified Party or (ii) in the case of any Action relating to the Indemnified Party's liability for any Tax, if the effect of such settlement would be an increase in the liability of the Indemnified Party for the payment of any Tax for any period beginning after the Closing Date, the consent of the Indemnified Party may be withheld by the Indemnified Party in its sole and absolute discretion.

10.5. Limitations on Indemnification - Seller. Seller and AT&T Parent will not be liable, in the aggregate, for indemnification arising under Section 10.2(a) for any Losses of or to Buyer or any other person entitled to indemnification from Seller unless the amount of such Losses for which Seller and AT&T Parent would, but for the provisions of this Section 10.5, be liable plus the amounts for which Seller's Affiliates would be liable under Section 10.2(a) of the Related Agreement (disregarding the provisions of Section 10.5 of the Related Agreement) exceeds, on an aggregate basis, $2,700,000 (the "Threshold Amount,") provided that in determining whether the Threshold Amount has been exceeded, there will not be included any Losses arising from any single claim that is less than $10,000. If the Threshold Amount is exceeded, Seller and AT&T Parent will be liable, jointly and severally, for the full amount of all Losses (including any single claims for Losses of less than $10,000), which amount will be due and payable within 15 days after the later of (a) the date Seller receives a statement therefor and (b) the date an Action with respect to such Losses is settled or decided in accordance with section 10.4. Neither Seller nor AT&T Parent will be liable for punitive damages assessed for Buyer's conduct. The maximum aggregate amount that Seller and its Affiliates (including AT&T Parent) will be required to pay for indemnification arising under Section 10.2(a) of this Agreement and Section 10.2(a) of the Related Agreement in respect of all claims by all indemnified parties is $53,500,000. Notwithstanding the preceding, neither the minimum nor maximum limits specified in this Section 10.5 will apply to: (i) the obligation to pay post-Closing adjustments pursuant to Section 3.4; (ii) Seller's breach of its representations and warranties that it has title to, and the absence of Encumbrances (other than

Permitted Encumbrances) on, the Assets owned by Seller; or (iii) any indemnification claims pursuant to Section 10.2(b) or 10.2(c), irrespective of whether such claims also constitute claims under Section 10.2(a)).

10.6. Limitations on Indemnification - Buyer. Buyer will not be liable for indemnification arising under Section 10.3(a) for any Losses of or to Seller or any other person entitled to indemnification from Buyer unless the amount of such Losses for which Buyer would, but for the provisions of this Section 10.6, be liable plus the amounts for which Buyer's Affiliates would be liable under Section 10.3(a) of the Related Agreement (disregarding the provisions of Section 10.6 of the Related Agreement) exceeds, on an aggregate basis, the Threshold Amount, provided that in determining whether the Threshold Amount has been exceeded, there will not be included any Losses arising from any single claim that is less than $10,000. If the Threshold Amount is exceeded, Seller will be liable for the full amount of all Losses (including any single claims for Losses of less than $10,000), which amount will be due and payable within 15 days after the later of (a) the date Buyer receives a statement therefor and (b) the date an Action with respect to such Losses is settled or decided in accordance with section 10.4. Buyer will not be liable for punitive damages assessed for Seller's conduct. The maximum aggregate amount that Buyer and its Affiliates will be required to pay for indemnification arising under Section 10.3(a) of this Agreement and Section 10.3(a) of the Related Agreement in respect of all claims by all indemnified parties is $53,500,000. Notwithstanding the preceding, neither the minimum nor maximum limits specified in this Section 10.6 will apply to: (i) the obligation to pay the Purchase Price, as adjusted; (ii) the obligation to pay post-Closing adjustments pursuant to Section 3.4; (iii) Company's obligation to assume and perform the Assumed Obligations and Liabilities; (iv) Buyer's breach of its representations and warranties in Section 5.9; or (v) any indemnification claims pursuant to Section 10.3(b), 10.3(c) or 10.3(d), irrespective of whether such claims also constitute claims under Section 10.3(a)).

10.7. Sole Remedy. Each party acknowledges and agrees that, should the Closing occur, its sole and exclusive remedy against the other with respect to any breach of representation, warranty, covenant, agreement or obligation (other than any claim based on fraud or intentional tort and any claim arising under state or federal securities laws) will be pursuant to the indemnification provisions set forth in this Section 10.

10.8. Treatment of Indemnity and Other Payments. All indemnity and other payments made under this Agreement will be treated for all Tax purposes as adjustments to the Purchase Price.

11. MISCELLANEOUS.

11.1. Parties Obligated and Benefited. Subject to the limitations set forth below, this Agreement will be binding upon the parties and their respective

permitted assigns and successors in interest and will inure solely to the benefit of the parties and their respective permitted assigns and successors in interest, and no other Person will be entitled to any of the benefits conferred by this Agreement. Without the prior written consent of the other party, no party will assign any of its rights under this Agreement or delegate any of its duties under this Agreement.

11.2. Notices. Any notice, request, demand, waiver or other communication required or permitted to be given under this Agreement will be in writing and will be deemed to have been duly given only if delivered in person or by first class, prepaid, certified mail, or sent by courier or, if receipt is confirmed, by telecopier:

To Buyer at: c/o Charter Communications, Inc.
12444 Powerscourt Drive, Suite 100
St. Louis, Missouri 63124
Attention: Curtis S. Shaw, Esq.
Senior Vice President, General Counsel
& Secretary
Fax: (314) 965-8793

With a copy (which will not constitute notice) to:
Irell & Manella LLP
1800 Avenue of the Stars, Suite 900
Los Angeles, California 90067
Attention: Alvin G. Segel, Esq.
Fax: (310) 203-7199

To Seller at: c/o AT&T Broadband, LLC
188 Inverness Drive West
Englewood, Colorado 80112
Attention: Alfredo Di Blasio
Fax: (303) 858-3456

With a copy similarly addressed to the attention of Karla Tartz, Esq., Fax: (303) 858-3487.

With a copy (which will not constitute notice) to:
Sherman & Howard, L.L.C.
633 Seventeenth Street
Suite 3000
Denver, Colorado 80202
Attention: Gregory J. Ramos, Esq.
Fax: (303) 298-0940

Any party may change the address to which notices are required to be sent by giving notice of such change in the manner provided in this Section 11.2. All notices will be deemed to have been received on the date of actual receipt.

11.3. Attorneys' Fees. In the event of any action or suit based upon or arising out of this Agreement, the prevailing party will be entitled to recover reasonable attorneys' fees and other costs of such action or suit from the other party.

11.4. Right to Specific Performance. The parties acknowledge that the unique nature of the transaction contemplated by this Agreement renders money damages an inadequate remedy for the breach by either party of its obligations under this Agreement, and each party agrees that in the event of such breach, the non-breaching party will, upon proper action instituted by it, be entitled to seek a decree of specific performance of this Agreement.

11.5. Disclaimer of Warranty. Buyer and Seller agree that the representations and warranties of Seller contained in this Agreement and the Transaction Documents constitute the sole representations and warranties of Seller to Buyer in connection with the transaction contemplated hereby. BUYER ACKNOWLEDGES THAT EXCEPT AS SET FORTH IN THIS AGREEMENT OR IN THE TRANSACTION DOCUMENTS, SELLER DISCLAIMS ANY REPRESENTATION OR WARRANTY OF MERCHANTABILITY, USAGE, SUITABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE WITH RESPECT TO THE ASSETS OR ANY PART THEREOF.

11.6. Waiver. This Agreement or any of its provisions may not be waived except in writing. The failure of any party to enforce any right arising under this Agreement on one or more occasions will not operate as a waiver of that or any other right on that or any other occasion.

11.7. Captions. The captions of this Agreement are for convenience only and do not constitute a part of this Agreement.

11.8. Choice of Law. THIS AGREEMENT AND THE RIGHTS OF THE PARTIES UNDER IT WILL BE GOVERNED BY AND CONSTRUED IN ALL RESPECTS IN ACCORDANCE WITH THE LAWS OF THE STATE OF DELAWARE, WITHOUT REGARD TO THE CONFLICTS OF LAWS RULES OF DELAWARE.

11.9. Terms. Terms used with initial capital letters will have the meanings specified, applicable to both singular and plural forms, for all purposes of this Agreement. The word "include" and derivatives of that word are used in this Agreement in an illustrative sense rather than limiting sense. Whenever the context may require, any pronoun will include the corresponding masculine, feminine and neuter forms. All references herein to Articles, Sections, Exhibits and Schedules will be deemed to be references to Articles and Sections of, and

Exhibits and Schedules to, this Agreement unless the context will otherwise require. All Exhibits and Schedules attached hereto will be deemed incorporated herein as if set forth in full herein and, unless otherwise defined therein, all terms used in any Exhibit or Schedule will have the meaning ascribed to such term in this Agreement. The words "hereof," "herein" and "hereunder" and words of similar import when used in this Agreement will refer to this Agreement as a whole and not to any particular provision of this Agreement. Unless otherwise expressly provided herein, any agreement, instrument or statute defined or referred to herein or in any agreement or instrument that is referred to herein means such agreement, instrument or statute as from time to time amended, modified or supplemented, including (in the case of agreements or instruments) by waiver or consent and (in the case of statutes) by succession of comparable successor statutes and references to all attachments thereto and instruments incorporated therein. All accounting terms not otherwise defined in this Agreement will have the same meanings ascribed to them under generally acceptable accounting principles as in effect from time to time in the United States, consistently applied.

11.10. Rights Cumulative. Subject to the limitations set forth in Section 10.7, all rights and remedies of each of the parties under this Agreement will be cumulative, and the exercise of one or more rights or remedies will not preclude the exercise of any other right or remedy available under this Agreement or applicable law.

11.11. Further Actions. Seller and Buyer will execute and deliver to the other, from time to time at or after the Closing, for no additional consideration and at no additional cost to the requesting party, such further assignments, certificates, instruments, records, or other documents, assurances or things as may be reasonably necessary to give full effect to this Agreement and to allow each party fully to enjoy and exercise the rights accorded and acquired by it under this Agreement. Seller will, upon Buyer's request given at any time after the Closing through the date that is 15 months following the Closing, provide Buyer with a duly executed assignment in recordable form for each Real Property lease assigned to Company at Closing pursuant to the Bill of Sale, which lease is, or as to which a memorandum of lease is, recorded in the applicable public real property records.

11.12. Time. Time is of the essence under this Agreement. If the last day permitted for giving of any notice or the performance of any act required or permitted under this Agreement falls on a day which is not a Business Day, the time for the giving of such notice or the performance of such act will be extended to the next succeeding Business Day.

11.13. Late Payments. If either party fails to pay the other any amounts when due under this Agreement, the amounts due will bear interest from the due date to the date of payment at the annual rate publicly announced from time to

time by The Bank of New York as its prime rate (the "Prime Rate") plus 3%, adjusted as and when changes in the Prime Rate are made.

11.14. Counterparts. This Agreement may be executed in counterparts, each of which will be deemed an original. This Agreement will become binding when one or more counterparts, individually or taken together, bear the signatures of all parties to this Agreement. Delivery of an executed signature page of this Agreement by facsimile transmission will constitute effective and binding execution and delivery of this Agreement.

11.15. Entire Agreement. This Agreement (including the Schedules and Exhibits referred to in this Agreement, which are incorporated in and constitute a part of this Agreement), other Agreements entered into by Buyer, Seller and their respective Affiliates as of the date of this Agreement, and the Transaction Documents contain the entire agreement of the parties with respect to the subject matter hereof and supersede all prior oral or written agreements and understandings with respect to the subject matter. This Agreement may not be amended or modified except by a writing signed by the parties.

11.16. Severability. Any term or provision of this Agreement which is invalid or unenforceable will be ineffective to the extent of such invalidity or unenforceability without rendering invalid or unenforceable the remaining rights of the Person intended to be benefited by such provision or any other provisions of this Agreement.

11.17. Construction. This Agreement has been negotiated by Buyer and Seller 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 will not apply in any construction or interpretation of this Agreement.

11.18. Expenses. Except as otherwise expressly provided in this Agreement, each party will pay all of its expenses, including attorneys' and accountants' fees, in connection with the negotiation of this Agreement, the performance of its obligations and the consummation of the transactions contemplated by this Agreement.

11.19. Commercially Reasonable Efforts. For purposes of this Agreement, unless a different standard is expressly provided with respect to any particular matter, any requirement herein that a party use "commercially reasonable efforts" will not be deemed to require that party to undertake extraordinary measures, including the initiation or prosecution of legal proceedings or the payment of amounts in excess of normal and usual filing fees and processing fees, if any.

11.20. Guaranty and Suretyship Matters. AT&T Parent acknowledges that, notwithstanding that it is not a party to this Agreement (other than with respect to Article 10), it will receive, in connection with the consummation of the

transactions contemplated by this Agreement, fair and adequate consideration for its indemnification obligations under this Agreement. AT&T Parent therefore agrees that it will be deemed for all purposes to be a primary obligor under each of such obligations, and not a guarantor or surety. Notwithstanding the foregoing, to the extent that any of the covenants or agreements in this Agreement are determined by a court of competent jurisdiction to be a guaranty (in such case, the "Guaranty") by AT&T Parent of indemnity obligations (in such case, the "Guaranteed Obligations") of any other person or entity (in such case the "Underlying Obligor"), then, such Guaranty will be continuing, absolute and unconditional (subject only to the applicable terms and conditions of this Agreement) and, to the maximum extent permitted by applicable law, AT&T Parent hereby:

11.20.1. Authorizes any beneficiary of such Guaranty (the "Beneficiary"), from time to time in such Beneficiary's sole discretion, and without notice to or demand upon AT&T Parent (i) to amend, extend, waive, restructure or otherwise modify the Guaranteed Obligations in whole or part, (ii) to release, compromise, collect, settle or otherwise liquidate the Guaranteed Obligations in whole or part, (iii) to take, hold, exchange, enforce, waive, release and otherwise deal with collateral for the Guaranteed Obligations, and (iv) to add, release or substitute any one or more endorser(s) or other guarantor(s) for the Guaranteed Obligations;

11.20.2. Agrees that:

(i) if any one or more of the foregoing actions are taken;

(ii) if there is any change in the structure or existence of the Underlying Obligor; or

(iii) if there occurs any other action, event or circumstance whatsoever which constitutes or might be deemed to constitute an equitable or legal discharge of an Underlying Obligor with respect to the Guaranteed Obligations or of AT&T Parent with respect to the Guaranty, whether in bankruptcy or otherwise;

then (in the case of each of (i), (ii) and (iii)), such action, event or circumstance shall not impair, reduce, release or otherwise mitigate AT&T Parent's liability under the Guaranty or the Guaranteed Obligations;

11.20.3. Waives its right to assert against any Beneficiary as a defense (legal or equitable), setoff, counterclaim or cross-claim in connection with the Guaranty, any defense (legal or equitable), setoff, counterclaim or cross-claim AT&T Parent may now or in the future have against the Underlying Obligor or any other person or entity;

11.20.4. Waives all defenses, counterclaims and setoffs arising from the present or future lack of perfection, sufficiency, validity or

enforceability of the Guaranteed Obligations or any security therefor or documents relating thereto;

11.20.5. Waives any defense arising by reason of any claim or defense based upon an election of remedies by a Beneficiary;

11.20.6. Waives all notices of acceptance, presentments, demand for performance, protests, diligence, notices of nonperformance or default, and all other notices or formalities which AT&T Parent may otherwise be entitled to under applicable law;

11.20.7. Waives all rights to require a Beneficiary to prosecute or seek enforcement of any remedies against an Underlying Obligor or any other person or entity liable on account of the Guaranteed Obligations, or to require a Beneficiary to seek to enforce or resort to any remedies with respect to any security interests, liens, encumbrances, collateral or other security for the Guaranteed Obligations; and

11.20.8. Agrees that AT&T Parent will have no right of subrogation, reimbursement, exoneration or contribution against the Underlying Obligor with respect to the Guaranty, and irrevocably waives any such rights and any rights to participate in any security now or hereafter held by a Beneficiary in connection with the Guaranteed Obligations.

[SIGNATURE PAGE FOLLOWS]

The parties have executed this Agreement as of the day and year first above written.

CHARTER COMMUNICATIONS, INC.

By: /s/ Curtis S. Shaw

Curtis S. Shaw
Senior Vice President

TCI CABLEVISION OF NEVADA, INC.

TCI WEST, INC.

Each by: /s/ Alfredo Di Blasio

Alfredo Di Blasio
Vice President

EXHIBIT 2.14(e)
CONFORMED COPY

ASSET PURCHASE AGREEMENT

AMONG

CHARTER COMMUNICATIONS, INC., A DELAWARE CORPORATION,

INTERLINK COMMUNICATIONS PARTNERS, LLC,

A DELAWARE LIMITED LIABILITY COMPANY

CHARTER COMMUNICATIONS, LLC, A DELAWARE LIMITED LIABILITY COMPANY

AND

FALCON CABLE MEDIA, A CALIFORNIA LIMITED PARTNERSHIP

ON THE ONE HAND

AND

TCI CABLE PARTNERS OF ST LOUIS, INC. A COLORADO LIMITED PARTNERSHIP

AND

TCI CABLEVISION OF MISSOURI, INC., A MISSOURI CORPORATION

ON THE OTHER HAND

DATED AS OF

FEBRUARY 26, 2001

MIAMI

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LIST OF EXHIBITS AND SCHEDULES

ASSET PURCHASE AGREEMENT

This Asset Purchase Agreement ("Agreement") is made as of the 26th day of February, 2001, by and among Charter Communications, Inc., a Delaware corporation ("CHARTER PARENT" OR "CHARTER") and the Affiliates of Charter whose names appear on the signature page of this Agreement (such Affiliates collectively, "Seller"), and TCI Cable Partners of St. Louis, L.P. a Colorado limited partnership and TCI Cablevision of Missouri, Inc. a Missouri corporation (collectively "Buyer").

RECITALS

A. The parties desire to effect the transfer of substantially all of the assets of the Business (as defined below) owned by Seller to Buyer for cash.

B. The purpose of this Agreement is to set forth the definitive terms upon which such transfer will take place.

AGREEMENTS

In consideration of the above recitals and the mutual agreements stated in this Agreement, the parties agree as follows:

1. DEFINITIONS.

In addition to terms defined elsewhere in this Agreement, the following capitalized terms, when used in this Agreement, will have the meanings set forth below:

1.1. 1992 Cable Act. The Cable Television Consumer Protection and Competition Act of 1992, as amended, and the FCC rules and regulations promulgated thereunder.

1.2. Affiliate. 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. For purposes of this Agreement, At Home Corporation and its subsidiaries and Liberty Media Corporation and its subsidiaries will not be treated as Affiliates of Buyer, and Paul Allen and any Persons controlled by Paul Allen (excluding Charter Parent and any Persons controlled by Charter Parent) will not be treated as an Affiliate of Seller.

1.3. Assets. All assets, properties, privileges, contracts, licenses, permits, franchises, authorizations, rights, interests, claims and other properties, real and personal, tangible and intangible, of every type and description (a) that

are owned, leased, held for use or used in the Business, and (b) in which Seller or any of its Affiliates has any right, title or interest or in which Seller or any of its Affiliates acquires any right, title or interest on or before the Closing Time. The Assets include the Franchises, Licenses, Intangibles, Contracts, Equipment, solely in connection with the provision of services associated with the Systems or reflected in the Financial Statements, Books and Records, Real Property and deposits relating to the Business that are held by Third Parties for the account of Seller or for security for Seller's performance of its obligations, but excluding any Excluded Assets and any assets disposed of prior to the Closing Date in the ordinary course of business and not in violation of this Agreement.

1.4. AT&T. AT&T Broadband, LLC, a Delaware limited liability company.

1.5. Basic Services. The lowest tier of service offered to subscribers of a System.

1.6. Books and Records. All engineering records, files, data, drawings, blueprints, schematics, as-built System maps, reports, lists, title policies and title reports, plans, surveys, procedures and processes and all other files of correspondence, lists, records, agreements, amendments, notices, consents and reports to the extent concerning the Assets or the Business, including subscribers and prospective subscribers of the Systems, signal and program carriage and dealings with Governmental Authorities with respect to the Systems, including all reports filed with respect to the Systems by or on behalf of Seller or any of its Affiliates with the FCC and statements of account filed with respect to the Systems by or on behalf of Seller or any of its Affiliates with the U.S. Copyright Office, but excluding all corporate records, all financial and tax records not solely related to the operation of the Systems, and all documents, reports and records relating to any of the System Employees.

1.7. Business. The cable television business and other revenue-generating businesses and operations relating to the Systems that are conducted by Seller or any of its Affiliates through the Systems.

1.8. Business Day. Any day other than Saturday, Sunday or a day on which banking institutions in Denver, Colorado or New York, New York are required or authorized to be closed.

1.9. Closing. The consummation of the transactions contemplated by this Agreement, as described in Section 8.

1.10. Closing Date. The date on which the Closing occurs.

1.11. Closing Time. 11:59 p.m., local time at the location of the Assets, as applicable, on the Closing Date.

1.12. Communications Act. The Communications Act of 1934, as amended, and the rules and regulations of the FCC promulgated thereunder and currently in effect. Section 626 of the Communications Act refers to 47 U.S.C. section 546.

1.13. Contracts. All contracts, bonds, indentures, leases, notes, certificates, options, warrants, rights and other instruments, documents, obligations and agreements (in each case, other than Franchises, Licenses and those relating to Real Property), whether written or oral, to which Seller or any of its Affiliates is a party and which relate to the operation of the Business, including the lease agreements for Equipment, pole attachment agreements, underground conduit agreements, retransmission consent agreements, and multiple dwelling bulk billing or commercial service agreements.

1.14. Encumbrance. Any mortgage, lien, security interest, security agreement, conditional sale or other title retention agreement, consignment or bailment given for purposes of security, indenture, pledge, option, encumbrance, deed of trust, constructive trust or other trust, claim, attachment, charge, assessment, restriction on transfer or any exception to or defect in title or other ownership (legal or equitable) interest (including reservations, rights of way, possibilities of reverter, encroachments, protrusions, easements, rights of entry, rights of first refusal, rights of first offering, restrictive covenants, conditions, leases and licenses) of any kind, which constitutes an interest in property, whether arising pursuant to any Legal Requirement, License, Franchise, Contract or otherwise.

1.15. Environmental Law. Any applicable Legal Requirement relating to pollution or governing the protection of the environment, including CERCLA, OSHA, and RCRA and including Legal Requirements relating to emissions, discharges, releases or threatened releases of Hazardous Substances into the environment (including ambient air, surface water, ground water or land) or otherwise relating to the manufacture, processing, distribution, use, treatment, storage, disposal, transport, handling or presence of Hazardous Substances.

1.16. Equipment. All electronic devices, trunk and distribution coaxial and optical fiber cable, headend amplifiers, line amplifiers, drops, power supplies, conduit, vaults and pedestals, grounding and pole hardware, towers (other than towers on owned Real Property which are fixtures thereon and a part thereof), tower equipment, distribution systems, microwave equipment, subscriber's devices (including converters, encoders, transformers behind television sets and fittings), headend hardware (including origination, earth stations, transmission and distribution system), test equipment, vehicles, office equipment, computers and billing equipment, furniture, fixtures, supplies, inventory and other tangible personal property owned or leased by Seller or any of its Affiliates and used in the Business.

1.17. Equivalent Basic Subscribers (or EBSs). As of any date of determination and for each Service Area served by a System, the sum of (a) the total number of private residential customer accounts that are billed by individual unit for at least Basic Services (regardless of whether such accounts are in single-family homes or in individually billed units in apartment buildings or other multi-unit buildings), but exclusive of "second connects" and "additional outlets" as such terms are commonly understood in the cable television industry; and (b) the quotient of (i) the total monthly billings for sales of Basic Services and Expanded Basic Services by such System for such Service Area during the most recent billing period ended prior to the date of calculation to commercial, bulk-billed and other accounts not billed by individual unit (whether on a discounted or non-discounted basis), but excluding billings in excess of a single month's charges for any account, divided by (ii) the standard monthly combined rate (without discount of any kind) charged by such System for such Service Area to individually billed subscribers for Basic Services and Expanded Basic Services offered by such System in effect during such billing period. For purposes of calculating the number of EBSs, there will be excluded: (A) all accounts billed by individual unit that are, and all billings to any commercial, bulk-billed and other accounts not billed by individual unit that are, more than 60 days past due in the payment of any amount in excess of the lesser of $7.50 or the standard rate charged for Basic Services at the time of determination; (B) any accounts billed by individual unit and all commercial, bulk-billed and other accounts not billed by individual unit that, as of the date of calculation, have not paid in full the charges for at least one full month of the subscribed service; (C) that portion of the billings to all accounts billed by individual unit included in clause (b) above and any commercial bulk-billed and other accounts not billed by individual unit representing an installation or other non-recurring charge, a charge for equipment or for any outlet or connection other than the first outlet or first connection in any individually billed unit or, with respect to a bulk account, in any residential unit (e.g., an individual apartment or rental unit), a charge for any tiered service other than Expanded Basic Services (whether or not included within Pay TV), any charge for Pay TV or a pass-through charge for sales Taxes, line-itemized franchise fees, fees charged by the FCC and the like; (D) any individually billed unit and all billings to any commercial, bulk-billed and other accounts not billed by individual unit whose service is pending disconnection for any reason; (E) any individually billed unit and all billings to any commercial, bulk-billed and other accounts not billed by individual unit that was solicited within the 60-day period preceding the Closing Date to purchase such services by promotions or offers of discounts other than those ordinarily made by Seller; and (F) any account for which Basic Services are provided free of charge.

1.18. Excluded Assets. All:

1.18.1. Programming Contracts (including music programming Contracts and Contracts with Starz!/Encore), cable guide Contracts (including TV Guide and interactive programming guide Contracts), and

Contracts to which other cable systems of Seller or its Affiliates are subject, master billing Contracts and master multiple dwelling unit Contracts (but not any subordinate multiple dwelling unit Contracts that incorporate the terms of such master Contracts by reference), other than any such Contracts (or interests therein) listed on SCHEDULE 4.6;

1.18.2. Seller Plans (as defined in Section 4.15.2) and any cash, reserve, trust or funding arrangement held or set aside for the payment of benefits under such Seller Plans;

1.18.3. Insurance policies and rights and claims under insurance policies (except as otherwise provided in Section 6.9);

1.18.4. Bonds, letters of credit, surety instruments and other similar items;

1.18.5. Except for petty cash to the extent transferred to Buyer, cash and cash equivalents, including cash relating to subscriber prepayments and deposits, and notes receivable;

1.18.6. Subject to Buyer's rights under Section 6.12, trademarks, trade names, service marks, service names, logos, patents, copyrights and other intellectual property or proprietary rights of Seller or any of its Affiliates, except for software which is not an Excluded Asset under Section 1.18.14 and domain names listed on SCHEDULE 4.6 which are not an Excluded Asset;

1.18.7. Subscriber billing Contracts and related equipment if not owned by Seller or any of its Affiliates;

1.18.8. Assets, rights and properties of Seller or its Affiliates used or held for use other than primarily in connection with the business operations of the Systems; provided, however, notwithstanding the foregoing, Assets which produce revenues that are set forth on the Financial Statements will not constitute Excluded Assets pursuant to this Section 1.18.8;

1.18.9. Except (a) accounts receivable and (b) any other claim, right or interest to the extent reflected in the adjustment to the Purchase Price determined pursuant to Section 3.2, all claims, rights and interests in and to any refunds of, or amounts credited against, Taxes or fees of any nature, including franchise and copyright fees, or any other claims against Third Parties, relating to the operation of the Systems prior to the Closing Time;

1.18.10. Except as set forth on SCHEDULE 4.6, any employment, compensation, bonus, deferred compensation, consulting, collective bargaining agreements, agency or management Contracts;

1.18.11. All Business documents and records not included in the Books and Records (provided that copies of personnel files will be made available to Buyer for a period of three years after the Closing Date upon reasonable request by Buyer accompanied by a waiver and release from the employee whose records are sought in form and substance reasonably satisfactory to Seller);

1.18.12. Capital and vehicle leases;

1.18.13. Advertising sales agency or representation Contracts providing any Third Party or Affiliate of Seller the right to sell available advertising time for a System (including any Contract with National Cable Communications or Cable Networks, Inc.), other than any such Contract disclosed on SCHEDULE 4.6;

1.18.14. Proprietary software of Seller or its Affiliates and licenses relating to Third Party software and maintenance agreements with respect thereto, other than transferable licenses relating to Third Party software installed on computers included in the Assets;

1.18.15. Contracts for Internet access or on-line service arrangements that provide to any Third Party or Affiliate of Seller the right to use the transmission capacity of a System to provide Internet access or other on-line services over such System, other than those disclosed on SCHEDULE 4.6;

1.18.16. Contracts and related accounts receivable for providing DMX service to commercial accounts via direct broadcast satellite;

1.18.17. Intercompany receivables;

1.18.18. The assets specifically disclosed on SCHEDULE 1.18; and

1.18.19. Except as set forth on SCHEDULE 4.6, all retransmission consents and must carry agreements.

1.19. Expanded Basic Service. Any video programming provided over a System, regardless of service tier, other than Basic Services, any new product tier and Pay TV.

1.20. FCC. The Federal Communications Commission and any successor Governmental Authority.

1.21. Franchises. The franchises, permits and similar authorizations included among the Assets (other than Licenses) described on SCHEDULE 4.5, and all rights and benefits of Seller and its Affiliates pertaining thereto, including the rights and benefits arising under Section 626 of the Communications Act to the extent applicable to Franchises.

1.22. GAAP. Generally accepted accounting principles as in effect from time to time in the United States of America.

1.23. Governmental Authority. (a) The United States of America; (b) any state, commonwealth, territory or possession of the United States of America and any political subdivision thereof (including counties, municipalities and the like); or (c) any agency, authority or instrumentality of any of the foregoing, including any court, tribunal, department, bureau, commission, board or quasi-governmental authority.

1.24. Hazardous Substances. Any pollutant, contaminant, chemical, industrial, toxic, hazardous or noxious substance or waste which is regulated by a Governmental Authority, including (a) any petroleum or petroleum compounds (refined or crude), flammable substances, explosives, radioactive materials or any other materials or pollutants; (b) any "hazardous waste" as defined by the Resource Conservation and Recovery Act of 1976 (RCRA) (42 U.S.C. Sections 6901 et seq.), as amended, and the rules and regulations promulgated thereunder; (c) any "hazardous substance" as defined by the Comprehensive Environmental Response, Compensation and Liability Act of 1980 (42 U.S.C. Sections 9601 et seq.) (CERCLA), as amended, and the rules and regulations promulgated thereunder; (d) any substance regulated by the Toxic Substances Control Act (TSCA) (42 U.S.C. Sections 2601 et seq.), or the Federal Insecticide, Fungicide and Rodenticide Act (FIFRA) (7 U.S.C. Sections 136 et seq.), each as amended, and the rules and regulations promulgated thereunder; (e) asbestos or asbestos-containing material of any kind or character; (f) polychlorinated biphenyls; (g) any substances regulated under the provisions of Subtitle I of RCRA relating to underground storage tanks; and (h) any materials or substances designated as "hazardous substances" pursuant to the Clean Water Act (33 U.S.C. Sec. 1251 et seq.); (i) any substance the presence, use, handling, treatment, storage or disposal of which is regulated or prohibited by any Environmental Law (j) any other substance which by any Environmental Law requires special handling, reporting or notification of any Governmental Authority in its collection, storage, use, treatment or disposal or (k) any other substance which is regulated by or pursuant to any Environmental Law.

1.25. Intangibles. Subscriber lists, accounts receivable, claims (excluding any claims relating to Excluded Assets), goodwill, if any, and any other intangible asset owned or held by Seller and used in the Business.

1.26. Knowledge. The actual knowledge of a particular matter of (a) one or more of the principal corporate personnel of Seller involved in the transactions contemplated by this Agreement, including Jerry Kent, Dave Barford, Kent Kalkwarf, Curtis S. Shaw, or (b) any of the general managers (or holders of positions of equivalent responsibility) of the Systems.

1.27. Legal Requirement. Any statute, ordinance, code, law, rule, regulation, permit, approval, order or other written requirement, standard or

procedure enacted, adopted or applied by any Governmental Authority, including any judgment, writ, order, injunction, award or decree of any court, judge, justice or magistrate, including any bankruptcy court or judge or the arbitrator in any binding arbitration.

1.28. Licenses. The intangible cable television channel distribution rights, cable television relay service ("CARS"), business radio and other licenses, earth station registrations, authorizations, consents or permits issued by the FCC or any other Governmental Authority and related to the Business, including material state and local business licenses, including those described on SCHEDULE 4.5 (other than the Franchises) and all rights and benefits of Seller and its Affiliates pertaining thereto.

1.29. Losses. Any claims, losses, liabilities, damages, penalties, costs and expenses, including interest that may be imposed in connection therewith, expenses of investigation, reasonable fees and disbursements of counsel and other experts and settlement costs.

1.30. Material Adverse Effect. A material adverse effect on the Assets, the Business, the operations, condition (financial or otherwise) or results of operations of the Systems taken as a whole, or on the ability of Seller to perform its obligations under this Agreement, but without taking into account any effect resulting from (i) changes in conditions (including economic conditions, changes in FCC regulations or federal governmental actions, legislation or regulations) that are applicable to the economy or the cable television industry on a national basis, (ii) any changes in technology affecting the Business, or (iii) any competition from the direct broadcast satellite industry.

1.31. MVPD. A distributor of cable television services, multichannel multi-point distribution service, direct broadcast satellite service or television receive only satellite programming, who makes available for purchase, by subscribers or customers, multiple channels of video programming, other than Persons distributing such services only to multiple dwelling unit or other commercial customers (including hotels, motels, resorts, hospitals, dormitories, prisons, restaurants, bars and similar establishments).

1.32. Pay TV. Premium programming services selected by and sold to subscribers of the Systems on an a la carte basis for fees in addition to the fee for Basic Services or Expanded Basic Services.

1.33. Permitted Encumbrances. The following Encumbrances: (a) liens for Taxes, assessments and governmental charges not yet due and payable; (b) zoning laws and ordinances and similar Legal Requirements; (c) any right reserved to any Governmental Authority to regulate the affected property (including restrictions stated in the Franchises and Licenses); (d) in the case of any leased Asset, (i) the rights of any lessor and (ii) any Encumbrance granted by any lessor of such leased Asset; (e) inchoate materialmens', mechanics',

workmen's, repairmen's or other like inchoate Encumbrances arising in the ordinary course of business which constitute Assumed Obligations and Liabilities; (f) in the case of owned Real Property, any easements, rights-of-way, servitudes, permits, restrictions and minor imperfections or irregularities in title which do not individually or in the aggregate materially interfere with the right or ability to use, own, enjoy or operate the Real Property as currently being used and which do not impair the value of the Real Property or interfere with Seller's ability or right to convey good, marketable and indefeasible fee simple title to the owned Real Property (or in the case of leased or other Real Property, the right to convey such leasehold or other interest); (g) any Encumbrance (other than an Encumbrance securing a monetary obligation) that does not individually or in the aggregate interfere with the continued use of the Assets subject thereto in the operation of the Business as currently being used; and (h) those Encumbrances disclosed on SCHEDULE 1.33.

1.34. Person. Any natural person, corporation, partnership, trust, unincorporated organization, association, limited liability company, Governmental Authority or other entity.

1.35. Real Property. The Assets owned or leased by Seller or any of its Affiliates and used or useful in the Business consisting of realty, including appurtenances, improvements (including towers and headend storage buildings) and fixtures located on such realty, and any other interests in real property, including fee interests, leasehold interests and easements, rights of access, licenses, wire crossing permits, rights of entry (but not including interests in real property granted in Contracts in connection with services provided by Seller to the residents or occupants of such real property, including access and service Contracts with the owners of multiple dwelling unit complexes), options and rights of first refusal.

1.36. Required Consents. All authorizations, approvals and consents required under or in connection with any Legal Requirement or under any Assets, Franchises, Licenses, Real Property or Contracts required to be disclosed on SCHEDULE 4.6, for (a) Seller to transfer the Assets and the Business to Buyer, and (b) Buyer to conduct the Business and to own, lease, use and operate the Assets and Systems at the places and in the manner in which the Business is conducted and the Systems are operated as of the date of this Agreement and on the Closing Date.

1.37. Service Area. The municipalities and counties in and around which Seller operates the Systems and the Business, which are disclosed on SCHEDULE 1.39.

1.38. System Employees. All employees of Seller or of any Affiliate of Seller who are primarily engaged in the operation of the Business.

1.39. Systems. The cable television systems listed on SCHEDULE 1.39, which operate in and around the Service Area.

1.40. Taxes. All levies and assessments of any kind or nature imposed by any Governmental Authority, including all income, sales, use, offer, registration, ad valorem, value added, alternative or add-on minimum (including taxes under Section 59A of the Code), franchise, severance, net or gross proceeds, withholding, payroll, employment, social security (or similar), unemployment, disability, excise, real or personal property taxes and levies or assessments related to unclaimed property, together with any interest thereon and any penalties, additions to Tax or additional amounts applicable thereto, whether disputed or not.

1.41. Third Party. Any Person other than Seller or Buyer and their respective Affiliates.

1.42. Other Definitions. The following terms are defined in the Sections indicated:

Term	Section
Action	10.4
Agreement	preamble
Antitrust Division	6.7
Apportioned Obligations	6.10.2
Approved Leave of Absence	6.3.1
Assumed Obligations and Liabilities	2.2
Bill of Sale	8.2(a)
Buyer	preamble
Buyer's Welfare Plans	6.3.5(a)(ii)
Charter	preamble
Code	8.2(e)
Disagreement Notice	3.3.1
ERISA	4.15.1
ERISA Affiliate	4.15.2
Escrow Agent	3.3.1
Escrow Amount	3.3.1
FAA	6.2.5(xv)
FCC Rate Forms	6.2.5(vii)
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FTC	6.7
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Term	Section
Indemnified Party	10.4
Indemnifying Party	10.4
New Properties	6.11
Offer/No Offer Schedule	6.3.1
Preliminary Adjustments Report	3.3.1
Prime Rate	11.13
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Phase I Assessment	6.25.1
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Qualified Intermediary	11.1
Related Agreement	recitals
Retained Assets	6.5.4
Retained Assets Management Agreement	6.5.4
Retained Franchises	6.5.4
Retained Purchase Price	6.5.4
Seller	preamble
Seller Plans	4.15.2
Subscriber Shortfall	3.2.7
Survival Period	10.1
System Employee Schedule	6.3.1
Taking	6.9.2
Threshold Amount	10.5
Transaction Documents	4.2
Transfer Tax Returns	6.10.1
Transitional Billing Services	6.13
Underlying Obligor	11.20
Underpayment	3.3.3
WARN	6.3.2

2. PURCHASE AND SALE OF ASSETS; ASSUMED OBLIGATIONS AND LIABILITIES.

2.1. Purchase and Sale of Assets. Subject to the terms and conditions set forth in this Agreement, at the Closing Time, Seller will sell to Buyer, and Buyer will purchase from Seller, free and clear of all Encumbrances (except Permitted Encumbrances), the Assets.

2.2. Assumed Obligations and Liabilities. At the Closing Time, Buyer will assume, and after the Closing Time, Buyer will pay, discharge and perform, the following (the "Assumed Obligations and Liabilities"): (a) those obligations and liabilities accruing and relating to periods after the Closing Time under or with respect to the Assets assigned and transferred to Buyer at the Closing; (b) those obligations and liabilities of Seller to subscribers and customers of Seller's Business for (i) subscriber deposits held by Seller as of the Closing Date related to the Systems in the amount for which Buyer received credit under Section 3.2

and (ii) customer, advertising and other advance payments held by Seller as of the Closing Date related to the Systems in the amount for which Buyer received credit under Section 3.2; (c) all obligations and liabilities accruing and relating to the Business prior to the Closing Time but only to the extent that Buyer received a credit pursuant to Section 3.2; and (d) all other obligations and liabilities accruing and relating to periods after the Closing Time and arising out of Buyer's ownership of the Assets or operation of the Systems after the Closing Time, except to the extent that such obligations or liabilities relate to any Excluded Asset. All obligations and liabilities, contingent, fixed or otherwise, arising out of or relating to the Assets or the Systems other than the Assumed Obligations and Liabilities will remain and be the obligations and liabilities solely of Seller including any obligation, liability or claims relating to or arising pursuant to (w) Taxes (including franchise fees) arising out of or relating to the Assets or the Business and with respect to periods or portions thereof ending on or prior to the Closing Time, (x) refunds of rates, charges or late fees arising out of or relating to the Assets or the Business and with respect to periods through and including the Closing Time, (y) any claim, action, suit, proceeding, arbitration, investigation or hearing, any tolling, settlement or license agreement with respect to any of the foregoing, or any other activity or procedure, or any notice of any of the foregoing which could result in any judgment, writ, order, injunction, award or decree of any court, judge, justice or magistrate, including any bankruptcy court or judge or the arbitrator in any binding arbitration, and any order of or by any Governmental Authority arising out of or relating to the Assets or the Business and commenced, or related to an event occurring, on or prior to the Closing Time, or (z) credit, loan or other agreements arising out of or relating to the Assets or the Business and pursuant to which Seller or any of its Affiliates has created, incurred, assumed or guaranteed indebtedness for borrowed money or under which any Encumbrance securing such indebtedness has been or may be imposed on any Asset.

3. CONSIDERATION.

3.1. Purchase Price. Buyer will pay to Seller for the Assets total cash consideration of $249,000,000 (the "Purchase Price"), subject to adjustment as provided in Section 3.2. The Purchase Price will be paid at the Closing by wire transfer of immediately available funds pursuant to wire instructions delivered by Seller to Buyer no later than two Business Days prior to the Closing Date:

3.2. Adjustments to Purchase Price. The Purchase Price will be adjusted as follows:

3.2.1. Adjustments on a pro rata basis as of the Closing Time will be made for all prepaid expenses other than inventory (but only to the extent the full benefit of such prepaid expenses will be realizable within twelve (12) months after the Closing Date), accrued expenses (including real and personal property Taxes), copyright fees and franchise or license fees or charges, prepaid income, subscriber prepayments and accounts receivable related to the Business,

all as determined in accordance with GAAP consistently applied, and to reflect the principle that all expenses and income attributable to the Business for the period through and including the Closing Time are for the account of Seller, and all expenses and income attributable to the Business for the period after the Closing Time are for the account of Buyer. Notwithstanding the foregoing, the Purchase Price will only be increased by 98% of the accounts receivable; provided, further, that Seller will receive no credit for (a) any accounts receivable resulting from cable television services or Internet access or high speed data services of which more than $7.50 is 60 days or more past due from the billing date as of the Closing Date, (b) any accounts receivable resulting from advertising sales of which any portion is 120 days or more past due from the date of invoice as of the Closing Date, and (c) accounts receivable from customers whose accounts are inactive as of the Closing Date. For purposes of making "past due" calculations under clause (a) of the preceding sentence, the billing statements of a System will be deemed to be due and payable on the first day of the period during which the service to which such billing statements relate is provided.

3.2.2. The Purchase Price will be decreased by the amount of all advance payments to, or funds of Third Parties on deposit with, Seller as of the Closing Time and relating to the Business, including advance payments and deposits by subscribers served by the Business for converters, encoders, decoders, cable modems, cable television services and related sales.

3.2.3. The Purchase Price will be decreased by the amount of the economic value of all accrued vacation time that Buyer credits after the Closing Time to Hired Employees pursuant to Section 6.3, where economic value is the amount equal to the cash compensation that would be payable to each such Hired Employee at his or her level of compensation on the Closing Date for a period equal to such credited accrued vacation.

3.2.4. The Purchase Price will be increased by the amount of all deposits relating to the Business and the operation of the Systems that are held by Third Parties as of the Closing Time for the account of Seller which relate to the Systems or are held as security for Seller's performance of its obligations, including deposits on leases and deposits for utilities, but excluding those which are or relate to Excluded Assets or the full benefit of which will not be available to Buyer following the Closing, and such deposits will become the property of Buyer.

3.2.5. The Purchase Price will be decreased by an amount equal to the excess (if any) of the total amount of capital expenditures set forth on the Systems' capital budget (a copy of which has been provided to Buyer) over the actual amount of capital expenditures as of the Closing Time made for such projects since December 31, 2000. The Purchase Price will be increased by an amount equal to the capital expenditures not included in such capital budget and incurred by Seller at Buyer's request in accordance with Section 6.2.2(y).

3.2.6. The Purchase Price will be decreased by the dollar amount equal to the product of (i) the Subscriber Shortfall multiplied by (ii) $3,990. For purposes of this Agreement, the "Subscriber Shortfall" equals the number, if any, by which the aggregate of the Equivalent Basic Subscribers for the Systems, as of the Closing Time is less than 61,776.

3.2.7. The adjustments provided for in this Section 3.2 will be made without duplication. In addition, none of the adjustments provided for in this Section 3.2 will be made with respect to any Excluded Asset or with respect to any item of income or expense related to an Excluded Asset.

3.2.8. The net amount of the adjustments calculated under this Section 3.2, as preliminarily determined pursuant to Section 3.3.1, will be added or subtracted, as applicable, to the Purchase Price at the Closing.

3.3. Determination of Adjustments. Preliminary and final adjustments to the Purchase Price will be determined as follows:

3.3.1. Not later than a date Seller reasonably believes is at least five Business Days prior to the Closing, Seller will deliver to Buyer a report (the "Preliminary Adjustments Report"), showing in detail the good faith preliminary determination of the adjustments referred to in Section 3.2, which have been calculated as of the Closing Time (or as of any other date and time agreed by the parties) and appropriate documents substantiating the adjustments proposed in the Preliminary Adjustments Report. Buyer will have three Business Days following receipt of the Preliminary Adjustments Report to review such Report and supporting information and to notify Seller of any disagreements of Buyer with Seller's estimates. If Buyer provides a notice of disagreement (the "Disagreement Notice") with Seller's estimates of the adjustments referred to in Section 3.2 within such three Business Day period, Buyer and Seller will negotiate in good faith to resolve any such dispute and to reach an agreement prior to the Closing Date on such estimated adjustments as of the Closing Time. The basis for determining the Purchase Price to be paid at the Closing will be (a) the estimate so agreed upon by Buyer and Seller, (b) if the parties do not reach such an agreement on the estimated amount of the adjustments set forth in the Preliminary Adjustments Report prior to the Closing Date and the amount in dispute is less than or equal to $1,000,000 or if Buyer fails to provide a notice of disagreement with Seller's estimates of such adjustments within the requisite time provided, the estimates of such adjustments set forth in the Preliminary Adjustments Report or (c) if the parties do not reach such an agreement on the estimated amount of the adjustments set forth in the Preliminary Adjustments Report prior to the Closing Date and the amount in dispute is greater than $1,000,000 the estimates of such adjustments set forth in the Preliminary Adjustments Report less (i) an amount equal to the excess (if any) of (A) the Purchase Price based on the adjustments proposed by Seller set forth in the Preliminary Adjustments Report, over (B) the Purchase Price based on Buyer's estimate of such adjustments set forth in the Disagreement Notice or (ii)

$1,750,000 whichever is less (the "Escrow Amount"). If the Purchase Price to be paid at Closing is determined under (c) above, Buyer will deposit the Escrow Amount into an escrow account (which will be held by Chase Manhattan Bank or other escrow agent which is mutually acceptable to Buyer and Seller (the "Escrow Agent") and governed by an escrow agreement substantially in the form of EXHIBIT B).

3.3.2. Within 90 days after the Closing Date, Seller will deliver to Buyer a report (the "Final Adjustments Report") showing in detail the final determination of all adjustments which were not calculated as of the Closing Time and containing any corrections to the Preliminary Adjustments Report, together with appropriate documents substantiating the adjustments proposed in the Final Adjustments Report. Buyer will provide Seller with reasonable access to all records that Buyer has in its possession and which are necessary for Seller to prepare the Final Adjustments Report.

3.3.3. Within 30 days after receipt of the Final Adjustments Report, Buyer will give Seller written notice of Buyer's objections, if any, to the Final Adjustments Report. If Buyer timely makes any such objection, the parties will agree on any items, if any, which are not in dispute within 30 days after Seller's receipt of Buyer's notice of objections to the Final Adjustments Report. Any disputed amounts will be determined by the accounting firm of Deloitte & Touche, which will be obligated to determine such amounts within 90 days after the dispute is submitted to it, and the determination of which will be conclusive. Seller and Buyer will bear equally the fees and expenses payable to such firm in connection with such determination. If the Purchase Price, as finally determined, exceeds the estimated Purchase Price actually paid to Seller at the Closing (such excess, the "Underpayment") and Buyer made a deposit into escrow pursuant to Section 3.3.1, then Buyer and Seller will instruct the Escrow Agent to release to Seller the amount of the Underpayment, and to release to Buyer any remaining funds in the escrow account. If either (i) the amounts released to Seller from the escrow account are less than the amount of the Underpayment or (ii) no deposit to the escrow account was made pursuant to Section 3.3.1, Buyer will pay to Seller an amount equal to the Underpayment minus the amount, if any, released to Seller from the escrow account. If the estimated Purchase Price paid at the Closing exceeds the Purchase Price, as finally determined, then Buyer and Seller will instruct the Escrow Agent to release all funds, if any, in the escrow account to Buyer and Seller will pay to Buyer an amount equal to the excess of the Purchase Price, as finally determined, over the estimated Purchase Price paid at the Closing. Any such payments will be made by wire transfer of immediately available funds to the other party within three Business Days after the final determination of all disputed items.

3.4. Allocation of Purchase Price. No later than 120 days after Closing, Buyer will deliver to Seller a written estimate of the allocation of the Purchase Price, as finally determined pursuant to Section 3.3, and the Assumed Obligations and Liabilities, among the Assets, as such Assets existed

immediately prior to the Closing Time. The parties will use reasonable good faith efforts to agree on the final allocation of the Purchase Price and the Assumed Obligations and Liabilities among the Assets within 60 days after delivery of Buyer's estimate of such allocation (the "Final Allocation"). In determining the Final Allocation, the Purchase Price and the Assumed Obligations and Liabilities will be allocated between the tangible assets and the Franchises acquired by Buyer by allocating to the tangible assets amounts equal to the book value of such tangible assets on the Closing Date and the remainder to the Franchises. Each Seller and Buyer will timely file any forms required to be filed under Section 1060 of the Code and any corresponding provision of state or local tax law. In addition, Seller and Buyer each agree (i) to file all Tax returns and determine all Taxes (including, without limitation, for purposes of Section 1060 of the Code) in accordance with and based upon the Final Allocation and (ii) not to take any position inconsistent with such Final Allocation in any audit or judicial or administrative proceeding or otherwise.

4. REPRESENTATIONS AND WARRANTIES OF SELLER.

All of the entities comprising Seller jointly and severally represent and warrant to Buyer, as of the date of this Agreement and as of the Closing, as follows:

4.1. Organization and Qualification. Each entity comprising Seller is duly organized, validly existing and in good standing under the laws of the state of its organization and has all requisite power and authority to own, lease and use the Assets as they are currently owned, leased and used and to conduct the Business as it is currently conducted. Each entity comprising Seller is duly qualified to do business and is in good standing under the laws of each jurisdiction where it operates the Business.

4.2. Authority and Validity. Seller has all requisite power and authority to execute and deliver, to perform its obligations under, and to consummate the transactions contemplated by, this Agreement and all other documents and instruments to be executed and delivered in connection with the transactions contemplated by this Agreement (collectively, the "Transaction Documents") to which Seller is a party. The execution and delivery by Seller of this Agreement has been duly authorized by all requisite entity action. The execution and delivery by Seller of the Transaction Documents to which Seller is a party, the performance by Seller of its obligations under and the consummation by Seller of the transactions contemplated by this Agreement and the Transaction Documents to which Seller is a party have been, or will by the Closing Date be, duly authorized by all requisite entity action. This Agreement is, and when executed and delivered by Seller the Transaction Documents will be, the valid and binding obligations of Seller, enforceable against Seller in accordance with their respective terms, except insofar as enforceability may be affected by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws now or hereafter in effect affecting creditors' rights generally or by principles governing the availability of equitable remedies.

4.3. No Conflict; Required Consents. Subject to obtaining the Required Consents, all of which are disclosed on SCHEDULE 4.3, and the receipt of any consent required or the expiration or termination of the applicable waiting period under the HSR Act, the execution and delivery by Seller, the performance of Seller under, and the consummation by Seller of the transactions contemplated by, this Agreement and the Transaction Documents to which Seller is a party do not and will not: (a) conflict with or violate any provision of the organizational documents of Seller; (b) violate any Legal Requirement in any material respect; (c) require any consent, waiver, approval or authorization of, or any filing with or notice to, any Governmental Authority or other Person; or (d) (i) violate, conflict with or constitute a breach of or default under (without regard to requirements of notice, lapse of time or elections of other Persons or any combination thereof), (ii) permit or result in the termination, suspension or modification of, (iii) result in the acceleration of (or give any Person the right to accelerate) the performance of Seller under, or (iv) result in the creation or imposition of any Encumbrance under, any Contract, Franchise or License or any other instrument evidencing any of the Assets, or any instrument or other agreement by which any of the Assets is bound or affected, except for purposes of clauses (c) or (d), above, any consents, waivers, approvals or authorizations required under any bulk Contracts relating to multiple dwelling units with less than 250 units.

4.4. Assets. Seller has good and marketable title in and to (or, in the case of Assets that are leased, valid leasehold interests in) the Assets (other than Real Property, as to which the representations and warranties in Section 4.7 apply). The Assets are free and clear of all Encumbrances, except (a) Permitted Encumbrances, (b) rights of first refusal stated in the Franchises and Licenses, each of which will be waived by the Person holding such right prior to the Closing, and (c) Encumbrances disclosed on SCHEDULE 4.4. Except for the Excluded Assets, the Assets are all the assets necessary to permit Buyer to conduct the Business and to operate the Systems substantially as the Business is being conducted and the Systems are being operated on the date of this Agreement and in compliance with all applicable Legal Requirements and to perform all of the Assumed Obligations and Liabilities. Except as disclosed on SCHEDULE 4.4, all of the Equipment is in good operating condition and repair, ordinary wear and tear excepted, and is adequate for the operation of the Business.

4.5. Franchises and Licenses. Except as disclosed on SCHEDULE 4.5, Seller is not bound or affected by any (a) "franchise," as such term is defined in Section 602 of the Communications Act (47 U.S.C. 522), in connection with the operation of the Business, (b) license, authorization or permit issued by the FCC that relates to the Systems or the operation of the Business or (c) any licenses, authorizations or permits of any other Governmental Authority (other than those described in clauses (a) or (b)) which are individually or in the aggregate material to the Business or the Systems. Seller has provided Buyer with access to true and complete copies of each Franchise and License disclosed on SCHEDULE

4.5. SCHEDULE 4.5 discloses the specific Seller bound or affected by each Franchise. To the extent that SCHEDULE 4.5 fails to disclose the specific Seller bound or affected by each item listed thereon or any license, authorization or permit of any Governmental Authority, Seller will provide such information to Buyer within 30 days after the date of this Agreement. Except as disclosed on SCHEDULE 4.5, the Franchises and Licenses are currently in full force and effect under all applicable Legal Requirements according to their terms and Seller is not in breach or default of any terms or conditions thereunder and no event has occurred that, with notice or lapse of time or both would constitute a breach, violation or default thereunder by Seller. Except as disclosed on SCHEDULE 4.5, there is no legal action, governmental proceeding or investigation, pending or, to Seller's Knowledge, threatened, to terminate, suspend or modify any Franchise or License. Except as set forth on SCHEDULE 4.5, (a) the Franchises contain all of the commitments of Seller to the applicable Governmental Authority granting such Franchises with respect to the construction, ownership and operation of the Systems, and (b) other than as set forth in the Franchises, Seller has not made any commitment to any local franchising authority to make any expenditure or capital addition or betterment to any System or the Assets that will not be fulfilled or satisfied prior to the Closing Time. As of the date of this Agreement, except as disclosed on SCHEDULE 4.5, and other than any satellite master antenna television system which serves fewer than 1000 dwelling units and direct broadcast satellite television, with respect to each area in which the Systems currently provide cable television service: (a) no Third Party is operating a cable television system or other non-satellite MVPD other than a System in such area; (b) no construction programs have been substantially undertaken, or, to the Knowledge of Seller, are proposed to be undertaken, by any municipality or other Third Party wireline cable television operator in the Service Area, (c) no franchise has been, or, to the Knowledge of Seller, is proposed to be, granted to any Third Party in the Service Area, other than franchises included in the Assets; and (d) to the Knowledge of Seller, no Third Party MVPD has applied for a cable television franchise or open video system or similar authorization to serve such area.

4.6. Contracts. All Contracts are disclosed on SCHEDULE 4.6, except for: (a) subscription agreements with individual residential subscribers or commercial establishments for the cable services provided by the Systems in the ordinary course of business; (b) miscellaneous service Contracts with Seller's vendors terminable at will or upon notice of 30 days or less without penalty; (c) Contracts not involving any monetary obligation in excess of $25,000; (d) bank financing documents; (e) Contracts constituting Excluded Assets; and (f) Contracts relating to services provided by Seller to residents of multiple dwelling unit complexes or to commercial accounts. Without limiting the foregoing, SCHEDULE 4.6 discloses all programming agreements, wireline crossing agreement, pole attachment agreements, fiber leases, Contracts between Seller and its Affiliates, retransmission consent agreements, capital leases of personal property and agreements limiting the right of the Systems to compete, except, in each case, such Contracts that are Excluded Assets. Seller has provided Buyer

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with access to true and complete copies of each of the written Contracts disclosed on SCHEDULE 4.6 and will provide Buyer access to all other Contracts (including descriptions of oral Contracts) of Seller within 30 days after the date of this Agreement. Seller will further provide Buyer with a complete list of all multiple dwelling unit complexes served by the Systems as of the date specified in such list. Each Contract is in full force and effect and constitutes the valid, legal, binding and enforceable obligation of Seller, and Seller is not in breach or default of any terms or conditions thereunder. To Seller's Knowledge no other party thereto is, in breach or default of any material terms or conditions thereunder.

4.7. Real Property.

4.7.1. All of the Assets consisting of Real Property interests are disclosed on SCHEDULE 4.7. To the extent that SCHEDULE 4.7 fails to disclose the specific Seller holding each interest listed thereon, Seller will provide such information to Buyer within 30 days after the date of this Agreement. Except as otherwise disclosed on SCHEDULE 4.7, Seller is the sole owner (both legal and equitable) and holds, or at the time of the Closing will hold, good and marketable fee simple absolute title to each parcel of Real Property disclosed as being owned by Seller on SCHEDULE 4.7 or is otherwise owned by Seller and all buildings, structures and improvements thereon and has the valid and enforceable right to use and possess such owned Real Property and improvements, in each case free and clear of all Encumbrances except for Permitted Encumbrances. Seller has valid and enforceable leasehold interests in the Real Property disclosed as being leased by Seller on SCHEDULE 4.7 or is otherwise leased by Seller and, with respect to other Real Property not owned or leased by Seller, Seller has the valid and enforceable right to use all other Real Property pursuant to the easements, licenses, rights-of-way or other rights disclosed on SCHEDULE 4.7 or is otherwise used by Seller, and all improvements thereon owned by Seller and included in the Assets, in each case free and clear of all Encumbrances except for Permitted Encumbrances. With respect to leasehold interests and other material interests in Real Property, Seller is not in breach or default of any terms or conditions of any written instrument relating thereto and, to Seller's Knowledge, no other party thereto is in material breach or default of any terms or conditions of any such written instrument.

4.7.2. There are no leases or other agreements, oral or written, granting to any Person other than Seller the right to occupy or use any Real Property, except as disclosed on SCHEDULE 4.7. Seller has provided Buyer with access to true and complete copies of each of the written leases and other agreements disclosed on SCHEDULE 4.7, including all amendments and addenda thereto. Each parcel of Real Property owned or leased by Seller, any improvements constructed thereon and their current use, conforms in all material respects to (a) all applicable Legal Requirements, and (b) all restrictive covenants, if any, or other Encumbrances affecting all or part of such Real Property.

4.7.3. Except as disclosed on SCHEDULE 4.7, each parcel of owned Real Property and each parcel of leased Real Property (a) has access to and over public streets or private streets for which Seller has a valid right of ingress and egress, (b) conforms in its current use and occupancy in all material respects to all zoning requirements and (c) conforms in its current use in all material respects to all restrictive covenants, if any, or other Encumbrances affecting all or part of such parcel. There are no pending or, to Seller's Knowledge, threatened condemnation actions or special assessments or proceedings for changes in the zoning with respect to such Real Property or any part thereof and Seller has not received any notice of the desire of any Governmental Authority or other entity to take or use any Real Property or any part thereof. Seller has complied in all material respects with all notices or orders to correct violations of Legal Requirements issued by any Governmental Authority having jurisdiction against or affecting any of the Real Property.

4.8. Environmental Matters.

4.8.1. Except as disclosed on SCHEDULE 4.8: (a) to the Knowledge of Seller, the Real Property currently complies in all material respects with Environmental Laws; (b) neither the Real Property owned by Seller nor, to the Knowledge of Seller, the Real Property leased by Seller is the subject of any court order, administrative order or decree arising under any Environmental Law; and (c) the Real Property has not been used by Seller for the generation, storage, discharge or disposal of any Hazardous Substances except as permitted under Environmental Laws. Except as disclosed on SCHEDULE 4.8, Seller has not received any written notice from any Governmental Authority alleging that the Real Property is in violation of any Environmental Law, and no claim based on any Environmental Law has been asserted to Seller in writing in the past or is currently pending or, to the Knowledge of Seller, threatened, with respect to any Real Property.

4.8.2. Seller has provided Buyer with complete and correct copies of (a) all studies, reports, surveys or other materials in Seller's possession or to which Seller has access relating to the actual or alleged presence, use, generation, release or disposal of Hazardous Substances at, on, under or affecting the Real Property, (b) all notices or other materials in Seller's possession or to which Seller has access that were received from any Governmental Authority respecting any Environmental Laws relating to the current or past ownership, use or operation of the Real Property or activities at the Real Property and (c) all notices and other materials in Seller's possession or to which Seller has access relating to any litigation or claim relating to the Real Property or other Assets or concerning any Environmental Law.

4.9. Compliance with Legal Requirements. Except as set forth on SCHEDULE 4.9:

4.9.1. The ownership, leasing and use of the Assets as they are currently owned, leased and used, and the conduct of the Business as it is currently conducted, do not violate or infringe in any material respect any Legal Requirements currently in effect (other than Legal Requirements described in Section 4.9.4, as to which the representations and warranties set forth in that subsection will exclusively apply). Seller has not received any notice of, and Seller has no Knowledge of, any basis for the allegation of any such violation or infringement.

4.9.2. A valid request for renewal has been duly and timely filed under Section 626 of the Communications Act with the proper Governmental Authority with respect to all Franchises that have expired prior to, or will expire within 30 months after, the date of this Agreement. Seller has not received notice from any Governmental Authority that it has determined or intends to deny renewal of any Franchise to which Seller is a party.

4.9.3. Seller has complied, and the Business is in material compliance with the Communications Act and the rules and regulations of the FCC, including all regulatory filings required thereunder and the technical standards set forth in Part 76, Subpart K, and with Section 111 of the U.S. Copyright Act of 1976 and the applicable rules and regulations of the U.S. Copyright Office and the Register of Copyrights, including the filing of all required Statements of Account with respect to each System since Seller's acquisition of such System.

4.9.4. Notwithstanding the foregoing and except as specifically limited herein, to Seller's Knowledge, each System is in compliance with the provisions of the Communications Act and FCC regulations, including provisions pertaining to signal leakage, utility pole make ready, grounding and bonding of cable television systems (in each case as the same is currently in effect). Seller has complied with the must carry, retransmission consent, and commercial leased access provisions of the Communications Act and FCC regulations as they relate to the Systems. Seller has used commercially reasonable good faith efforts to establish rates charged to subscribers, effective since September 1, 1993, that would be allowable under the Communications Act, and rules and regulations promulgated by the FCC, and any authoritative interpretation thereof now or then in effect, whether or not such rates were subject to regulation at that date by any Governmental Authority, including any state regulatory agency, local franchising authority and the FCC. Notwithstanding the foregoing, Seller makes no representation or warranty that either the rates charged to subscribers of the Systems would be allowable under any rules and regulations of the FCC or any authoritative interpretation thereof, promulgated after the Closing Date.

4.9.5. All necessary FAA approvals have been obtained and all necessary FCC tower registrations have been filed with respect to the height and location of towers used in connection with the operation of the Systems, and

such towers are being operated in compliance in all material respects with applicable FCC and FAA rules.

4.10. Patents, Trademarks and Copyrights. To the Knowledge of Seller, the operation of the Business as currently conducted does not violate or infringe upon the rights of any Person in any copyright, trademark, service mark, patent, license, trade secret or similar intellectual property right.

4.11. Financial Statements. Seller has delivered to Buyer correct and complete copies of its unaudited balance sheets and unaudited statements of operations for the Systems as of and for the periods ended December 31, 1999 and December 31, 2000 (the "Financial Statements"). The Financial Statements are in accordance with the books and records of Seller and fairly present, in all material respects, Seller's financial position and results of operations as of the dates and for the periods indicated, subject to normal year-end adjustments, allocations and accruals (none of which are deemed to be material to the operating cash flow of Seller). The Financial Statements reflect the fully allocated costs of operating the Systems, including all employee costs associated with operating the Systems. The Financial Statements have been prepared in accordance with GAAP, applied on a consistent basis throughout the periods covered thereby, except that they do not (a) reflect income taxes, (b) contain a statement of cash flows, or (c) contain footnotes.

4.12. Absence of Certain Changes. Except as disclosed on SCHEDULE 4.12, since December 31, 2000: (a) no event or circumstance has occurred which, individually or in the aggregate, would reasonably be expected to have a Material Adverse Effect; (b) Seller has operated the Business only in the usual, regular and ordinary course; and (c) there has been no sale, assignment or transfer of any material Assets, or any theft, damage, removal, destruction or casualty loss of any material property. As of the date of this Agreement, since December 31, 2000, there has been no material change in accounting principles or practices with respect to the Business or revaluation by Seller of the Assets for financial reporting, property tax or other purposes.

4.13. Legal Proceedings. Except as disclosed on SCHEDULE 4.13, (a) there is no judgment or order outstanding, or any action, suit, complaint, proceeding or investigation by or before any Governmental Authority or any arbitrator pending, or to Seller's Knowledge, threatened, involving or affecting all or any part of the Business or Seller, except as would not reasonably be expected to materially adversely affect the Systems or the Business; (b) there are no claims, actions, suits, proceedings or investigations pending or, to Seller's Knowledge, threatened, by or before any Governmental Authority, or any arbitrator, by, against, affecting or relating to Seller which, if adversely determined, would restrain or enjoin the consummation of the transactions contemplated by this Agreement or declare unlawful the transactions or events contemplated by this Agreement or cause any of such transactions to be rescinded; and (c) there are no current rate proceedings, must-carry complaints or other actions, suits,

complaints, proceedings or investigations pending against Seller alleging noncompliance by the Systems of any Franchise or License.

4.14. Tax Returns; Other Reports. Seller has duly and timely filed all federal, state, local and foreign Tax returns and other Tax reports required to be filed by Seller, and has timely paid all Taxes which have become due and payable, whether or not so shown on any such return or report, the failure of which to be filed or paid could adversely affect or result in the imposition of an Encumbrance upon the Assets or create any transferee or other liability upon Buyer, except such amounts as are being contested diligently and in good faith. Seller has received no notice of, nor does Seller have any Knowledge of, any deficiency, assessment or audit, or proposed deficiency, assessment or audit from any taxing Governmental Authority which could affect or result in the imposition of an Encumbrance upon the Assets or create any transferee or other liability upon Buyer. Except as disclosed on SCHEDULE 4.14, the Assets are not subject to any joint venture, partnership or other arrangement or contract which is treated as a partnership for Federal Income tax purposes.

4.15. Employment Matters.

4.15.1. Seller has complied in all material respects with all applicable Legal Requirements relating to the employment of labor, including the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), continuation coverage requirements with respect to group health plans, and those relating to wages, hours, collective bargaining, unemployment insurance, worker's compensation, equal employment opportunity, discrimination, immigration control and the payment and withholding of Taxes.

4.15.2. For purposes of this Agreement, "Seller Plans" means (a) each employee benefit plan (as defined in Section 3(3) of ERISA), other than any defined benefit plan subject to Title IV of ERISA or any multiemployer plan (as defined in Section 3(37) of ERISA), which is sponsored or maintained by Seller or its ERISA Affiliates or to which Seller contributes, and which benefits System Employees, or (b) each multiemployer plan (as defined in Section 3(37) of ERISA) or defined benefit plan subject to Title IV of ERISA sponsored or maintained by Seller or any of Seller's ERISA Affiliates or to which Seller or any of its ERISA Affiliates is obligated to contribute. The Seller Plans in which any System Employee participates are disclosed on SCHEDULE 4.15.2. None of Seller, any Seller Plan other than a multiemployer plan (as defined in Section 3(37) of ERISA), or, to the Knowledge of Seller, any Seller Plan that is a multiemployer plan (as defined in Section 3(37) of ERISA), is in material violation of any provision of ERISA or the Code for which Buyer will have any liability after the Closing Date. No (i) "reportable event" described in Sections 4043(c)(1), (2), (3), (5), (6), (7), (10) and (13) of ERISA, (ii) non-exempt "prohibited transaction" (as defined in Section 406 of ERISA or Section 4975 of the Code), (iii) "accumulated funding deficiency" (as defined in Section 302 of ERISA) or (iv) "withdrawal liability" (as determined under Section 4201 et seq.

of ERISA) has occurred or exists and is continuing with respect to any Seller Plan. "ERISA Affiliate" means, as to any Person, any trade or business, whether or not incorporated, which together with such Person would be deemed a single employer as determined under Section 4001 of ERISA. There are no Liens against the Assets under Section 412(n) of the Code or Sections 302(f) or 4068 of ERISA. At the Closing, Buyer will have no obligation to contribute to, or any liability in respect of, any Seller Plan, or any similar employment, severance or other arrangement or policy (whether written or oral) providing for insurance coverage (including self-insured arrangements), workers' compensation, disability benefits, supplemental unemployment benefits, vacation benefits (except as provided in this Agreement), fringe benefits or retirement benefits, or for profit sharing, deferred compensation, bonuses, stock options, stock appreciation or other forms of incentive compensation or post-retirement insurance, compensation or benefits, sponsored or maintained by Seller or any of its ERISA Affiliates, or to which Seller or any of its ERISA Affiliates is obligated to contribute.

4.15.3. Except as disclosed on SCHEDULE 4.15, as of the date of this Agreement, no collective bargaining agreements are applicable to any System Employee and Seller has no duty to bargain with any labor organization with respect to any System Employees. None of the collective bargaining agreements applicable to any System Employee require Seller to impose the collective bargaining agreement upon Buyer. Except as disclosed on SCHEDULE 4.15, as of the date of this Agreement, there are not pending, or to Seller's Knowledge, threatened, any labor disputes, unfair labor practice charges, material labor arbitration proceedings or labor grievances against Seller, any demand for recognition or any other request or demand from a labor organization for representative status with respect to any System Employee. Except as disclosed on SCHEDULE 4.15, Seller has no employment agreements, either written or oral, with any System Employee. Except as disclosed on SCHEDULE 4.15, there are no work stoppages, strikes or other concerted activities by employees of Seller pending, or to Seller's Knowledge, threatened against Seller.

4.16. System Information. With respect to each of the Systems, disclosed on SCHEDULE 4.16 are (a) the approximate number of plant miles (aerial and underground) for the System, (b) the minimum bandwidth capability, channel capacity and two-way capability of each headend, (c) the stations and signals carried by the System and (d) the channel position of each such signal and station (including a designation of which broadcast stations are distributed pursuant to a retransmission consent and which are distributed pursuant to a must-carry election), which information is true and correct in all material respects, in each case as of the applicable dates specified therein and subject to any qualifications set forth therein. Also disclosed on SCHEDULE 4.16 are the approximate number of homes passed by the System, and the number of subscribers of the System as of the applicable dates and calculated pursuant to the methodology specified therein. Seller has delivered to Buyer information on the channel lineups and the monthly rates charged for each class of service for

the Systems (including installation charges), which information is true and correct in all material respects, in each case as of the applicable dates specified therein and subject to any qualifications set forth therein.

4.17. Finders and Brokers. Seller has not employed any financial advisor, broker or finder or incurred any liability for any financial advisory, brokerage, finder's or similar fee or commission in connection with the transactions contemplated by this Agreement for which Buyer could be liable.

4.18. Disclosure. Any item required to be disclosed on more than one Schedule to this Agreement will be deemed properly disclosed on another Schedule if it is disclosed on any Schedule to this Agreement, as long as such disclosure includes an appropriate cross-reference or it is reasonably apparent from the face and context of the item disclosed that it should be disclosed on such other Schedule.

5. BUYER'S REPRESENTATIONS AND WARRANTIES.

Buyer represents and warrants to Seller, as of the date of this Agreement and as of the Closing, as follows:

5.1. Organization and Qualification. TCI Partners of St. Louis, L.P. is a limited partnership duly organized, validly existing and in good standing under the laws of Colorado and has all requisite power and authority to carry on its business as currently conducted and to own, lease, use and operate its assets. Buyer is duly qualified to do business and is in good standing under the laws of each jurisdiction in which the character of the properties owned, leased or operated by it or the nature of the activities conducted by it makes such qualification necessary. TCI Cablevision of Missouri, Inc. is a corporation duly organized, validly existing and in good standing under the laws of Missouri and has all requisite power and authority to carry on its business as currently conducted and to own, lease, use and operate its assets. Buyer is duly qualified to do business and is in good standing under the laws of each jurisdiction in which the character of the properties owned, leased or operated by it or the nature of the activities conducted by it makes such qualification necessary.

5.2. Authority and Validity. Buyer has all requisite power and authority to execute and deliver, to perform its obligations under, and to consummate the transactions contemplated by, this Agreement and the Transaction Documents. The execution and delivery by Buyer of, the performance by Buyer of its obligations under, and the consummation by Buyer of the transactions contemplated by, this Agreement and the Transaction Documents to which Buyer is a party have been duly authorized by all requisite entity action. This Agreement is, and when executed and delivered by Buyer, the Transaction Documents will be, the valid and binding obligations of Buyer, enforceable in accordance with their respective terms, except insofar as enforceability may be limited or affected by applicable bankruptcy, insolvency, reorganization,

moratorium or similar laws now or hereafter in effect affecting creditors' rights generally or by principles governing the availability of equitable remedies.

5.3. No Conflicts; Required Consents. Subject to the receipt of any consent or the expiration or termination of the applicable waiting period under the HSR Act, and assuming the Required Consents have been obtained, the execution and delivery by Buyer, the performance of Buyer under, and the consummation by Buyer of the transactions contemplated by, this Agreement and the Transaction Documents to which Buyer is a party do not and will not: (a) violate any provision of the organizational documents of Buyer; (b) violate any material Legal Requirement; or (c) require any consent, waiver, approval or authorization of, or any filing with or notice to, any Person.

5.4. Finders and Brokers. Buyer has not employed any financial advisor, broker or finder or incurred any liability for any financial advisory, brokerage, finder's or similar fee or commission in connection with the transactions contemplated by this Agreement for which Seller could be liable.

5.5. Legal Proceedings. There are no claims, actions, suits, proceedings or investigations pending or, to Buyer's knowledge, threatened, by or before any Governmental Authority, or any arbitrator, by, against, affecting or relating to Buyer which, if adversely determined, would restrain or enjoin the consummation of the transactions contemplated by this Agreement or declare unlawful the transactions or events contemplated by this Agreement or cause any of such transactions to be rescinded.

6. ADDITIONAL COVENANTS.

6.1. Access to Premises and Records. Between the date of this Agreement and the Closing Date, upon reasonable advance notice from Buyer to Seller, Seller will give Buyer and its representatives reasonable access during normal business hours to all the premises and the Books and Records of the Business, to all the Assets, to the general managers of the Systems, and to other Charter corporate personnel to the extent reasonably necessary to effect a transition of the operations of the Systems to Buyer following the Closing, and will furnish to Buyer and its representatives all information regarding the Business, the Assets and, to the extent reasonably necessary to effect any transition with respect to any Excluded Assets, the Excluded Assets, as Buyer may from time to time reasonably request. No investigation will affect or limit the scope of any of the representations, warranties, covenants and indemnities of the other in this Agreement or in any Transaction Document or limit liability for any breach of any of the foregoing. Buyer will use commercially reasonable efforts to give Seller prompt notice of Buyer's discovery of any event or condition that could constitute such a breach. All requests for access to Charter corporate personnel will be made to Heather Wood, at (314) 543-2470.

6.2. Continuity and Maintenance of Operations; Financial Statements. Except as Buyer may otherwise consent in writing (which consent, when requested in connection with any conduct described in Sections 6.2.1, 6.2.2, 6.2.3 or 6.2.7, will not be withheld unreasonably), until the Closing:

6.2.1. Seller will conduct the Business in good faith and operate the Systems only in the ordinary course consistent in all material respects with past practices, and will use commercially reasonable efforts, to the extent consistent with such conduct and operation, to (a) preserve the Business intact, including preserving existing relationships with franchising authorities, suppliers, customers and others having business dealings with Seller relating to the Business and (b) keep available the services of the System Employees (but will be under no obligation to incur any costs in addition to what Seller is currently incurring to do so).

6.2.2. Seller will maintain the Assets in good repair, order and condition (ordinary wear and tear excepted), will maintain Equipment and inventory for the Systems at normal historical levels consistent with past practices (as adjusted to account for abnormally high inventory levels related to construction activity), will maintain in full force and effect, policies of insurance with respect to the Business in such amounts and covering such risks as customarily maintained by operators of cable television systems of similar size and geographic location as the Systems, and will maintain its books, records and accounts in the ordinary manner on a basis consistent with past practices. Seller will (a) only report and write off accounts receivable in accordance with past practice, (b) withhold and pay when due all Taxes relating to System Employees, the Assets or the System, (c) maintain service quality of the Systems at a level at least consistent with past practices, (d) file with the FCC all reports required to be filed under applicable FCC rules and regulations, and (e) comply in all material respects with all Legal Requirements with respect to the Systems. Seller will (x) undertake capital programs contemplated by the System's capital budget, (y) exercise good faith efforts to expend the amount described on its capital budget in accordance with the categories described with respect to each such capital program and (z) undertake capital programs reasonably requested by Buyer, provided that such requests do not, in the aggregate, require capital expenditures in excess of $10,000,000, and would not reasonably be expected to cause Seller to breach any Contract by which it is bound or any Legal Requirement or hinder or delay the Closing.

6.2.3. Seller will not, except as disclosed on SCHEDULE 6.2: (a) sell, transfer or assign any portion of the Assets other than sales in the ordinary course of business; (b) modify, terminate, renew (other than in the ordinary course or as required by this Agreement) suspend or abrogate any Franchises, Licenses or material Contracts (other than those constituting Excluded Assets); (c) enter into any non-ordinary course Contract or commitment involving an expenditure in excess of $50,000 individually, or $500,000 in the aggregate, other than Contracts or commitments which are cancellable on 30 days' notice or

less without penalty and other than as contemplated by this Agreement; (d) modify its procedures for disconnection and discontinuation of service to subscribers whose accounts are delinquent; (e) increase the compensation or materially change any benefits (other than severance benefits) available to System Employees, except as required pursuant to existing written agreements, or in the ordinary course of business consistent with past practice; (f) create, assume or permit to exist any Encumbrance (other than Permitted Encumbrances) on any of the Assets, other than any Encumbrance which will be released at or prior to the Closing; (g) make any Cost of Service Election; (h) enter into any agreement with or commitment to any competitive access provider and/or local exchange company or any internet access or on-line services provider with respect to the use or lease of any of the Assets; (i) enter into any collective bargaining agreement covering the System Employees who are not now covered by a collective bargaining agreement or enter into any new bonus, stock option, profit sharing, compensation, pension, welfare, retirement, employment or similar agreement that would create any liability to Buyer after the Closing Date, except where required by any Legal Requirement; (j) decrease the rate charged for any level of Basic Services, Expanded Basic Services or any Pay TV, except to the extent required by any Legal Requirement or, except as expressly permitted by SCHEDULE 6.2 or in connection with any rebuild, add, delete, retier or repackage any analog programming services, in each case except to the extent required under the 1992 Cable Act or any other Legal Requirement; provided, however, that if rates are decreased in order to so comply, Seller will provide Buyer with copies of any FCC forms (even if not filed with any Governmental Authority) used to determine that the new rates were required; (k) engage in any marketing, subscriber installation, collection or disconnection practices outside the ordinary course of business or inconsistent with past practice; (l) enter into, modify or amend any Contract for any fiber or fiber capacity lease or use arrangements; (m) offer telephony or related services in Systems where such services are not offered as of the date of this Agreement; or (n) convert any of the Systems to any billing system or otherwise change billing arrangements for any of the Systems.

6.2.4. Seller will deliver to Buyer true and complete copies of any monthly and quarterly financial statements and operating reports with respect to the Business which are prepared by or for Seller in the ordinary course of business at any time between the date of this Agreement and the Closing Date, including System level and consolidated state level expanded and detailed statements of operating income and cash flow with respect to the Business. Seller will further promptly deliver to Buyer any other reasonable financial information related to the Systems requested by Buyer. Prior to Closing, Seller will provide prompt notice to Buyer of any change in accounting principles or practices with respect to the Business or revaluation by Seller of the Assets for financial reporting, property tax or other purposes.

6.2.5. Within 30 days after the date of this Agreement, or with respect to items that are prepared, filed or received by Seller after the date

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hereof, within 5 Business Days after the date of preparation, filing or receipt, Seller will provide to Buyer true and complete copies of each of the following items (unless previously provided):

(i) each Franchise and License related to the Systems;

(ii) all pending applications relating to any Franchise or License pending before any Governmental Authority;

(iii) a list setting forth the expiration date of all Franchises, Licenses, Authorizations and permits listed on SCHEDULE 4.5;

(iv) any pending notice received from any Governmental Authority that it has determined or intends to terminate, modify or deny renewal of any Franchise to which Seller is a party;

(v) all pending requests for renewal with respect to any Franchise filed under Section 626 of the Communications Act;

(vi) any relevant documentation supporting an exemption from the rate regulation provisions of the 1992 Cable Act claimed by Seller with respect to the Systems;

(vii) the most recent applicable FCC Forms 328, 329, 393, 1200, 1205, 1210, 1215, 1220, 1235 and 1240 and other FCC rate forms (collectively, the "FCC Rate Forms"), if any, filed with any Governmental Authority with respect to any of the Systems;

(viii) all historical FCC Rate Forms filed with any Governmental Authority with respect to any of the Systems where there is a rate issue pending (including any accounting order or rate order on appeal);

(ix) all other reports, filings and correspondence made or filed with the FCC or pursuant to the FCC rules and regulations filed after the date which is one year prior to the date of this Agreement;

(x) all complaints, petitions, answers, responses and other filings made with or by any Governmental Authority in connection with any rate orders issued by such Governmental Authority or any appeal therefrom with respect to any Franchise or any System;

(xi) all documentation relating to any System with respect to the carriage of broadcast signals under current must-carry and retransmission consents;

(xii) any social contract entered into with the FCC in respect of any System with regard to rate regulation, subscriber refunds and other matters;

(xiii) all reports, filings and correspondence with respect to any System made or filed with the U.S. Copyright Office or pursuant to the U.S. Copyright Office rules and regulations on or after the date which is three years prior to the date of this Agreement;

(xiv) a schedule setting forth the ownership, height (with and without appurtenances), location (address, latitude, longitude and ground elevation), structure type and FCC call signs of each tower used in connection with the operation of the Systems;

(xv) all available Federal Aviation Administration ("FAA") final determinations (if applicable) and FCC registrations for all such towers;

(xvi) all Contracts and Real Property agreements related to the Systems;

(xvii) a list of all headends, Franchises and unfranchised communities indicating the number of basic subscribers served in each; and

(xviii) a schedule setting forth (i) the cities, towns, villages, boroughs and counties served by each system; (ii) the approximate number of single family and residential and commercial MDUs passed by each Franchise and System; and (iii) the FCC CUID numbers for each Franchise.

6.2.6. Each month, Seller will deliver to Buyer, a schedule indicating the then current status of the Required Consents marked with an asterisk on SCHEDULE 4.3 and what action has been taken by Seller with respect to obtaining such Required Consents. Beginning 60 days after the date of this Agreement, Seller will provide weekly updates (by telephone, electronic mail or in writing) to Buyer regarding the status of such Required Consents.

6.2.7. Seller will use its commercially reasonable efforts to challenge and contest any litigation brought against or otherwise involving Seller that could result in the imposition of Legal Requirements that could cause the conditions to the Closing not to be satisfied, or to settle such litigation. Seller will not, without Buyer's consent, enter into any settlement of any litigation that will bind Buyer or any System to any material obligation following the Closing, impose any liability on Buyer following the Closing, or otherwise breach any representation or covenant contained in this Agreement.

6.2.8. Seller will cause its appropriate Affiliates to be bound by and comply with the provisions of this Section 6.2 to the extent such Affiliates own, operate or manage any of the Assets or Systems.

6.2.9. In the event that Seller is notified of any proposal with respect to the creation, deletion or modification of any so called "open access" provision that would be applicable to any System, whether imposed by a Franchise, state or local law, or state or local regulation, mandating that the

franchisee permit one or more Internet service providers that are not affiliated with the franchisee to offer service over the franchisee's System facilities, Seller will provide Buyer with notice of such proposal, will provide Buyer with information regarding such proposal as Buyer reasonably requests, and will permit Buyer to provide input to Charter regarding Charter's negotiations and discussions with respect to such proposal.

6.3. Employee Matters.

6.3.1. Except as set forth in this Section 6.3.1, Buyer may, but will have no obligation to, employ or offer employment to, any or all System Employees. Within 30 days after the date of execution of this Agreement, Seller will provide to Buyer a schedule of all System Employees by work location as of a recent date, showing the original hire date, the then-current positions and rates of compensation, rate type (hourly or salary) and scheduled hours per week, and whether the employee is subject to an employment agreement, a collective bargaining agreement or represented by a labor organization (the "System Employee Schedule"). Buyer will maintain the System Employee Schedule in strict confidence. The System Employee Schedule will be updated as necessary to reflect new hires or other personnel changes. Within 60 days after receipt of the System Employee Schedule, or such other date as the parties may agree, Buyer will provide Seller in writing a schedule of the System Employees Buyer will offer to employ following the Closing (the "Offer/No Offer Schedule"), subject only to the pre-hire evaluations permitted by this Section 6.3.1. Buyer will provide in writing notification of such offer, subject only to the pre-hire evaluations permitted by this Section 6.3.1, to each System Employee included on the Offer/No Offer Schedule no later than 30 days prior to the Closing. Seller agrees, and will cause its appropriate Affiliates, to cooperate in all reasonable respects with Buyer to allow Buyer or its Affiliates to evaluate its System Employees to make hiring decisions. In this regard, Buyer will have the opportunity to make such appropriate pre-hire investigation of the System Employees, as Buyer deems necessary, including the right to review personnel files and the right to interview such employees during normal working hours so long as such interviews are conducted after notice to Seller and do not unreasonably interfere with Seller's operations and such investigations and interviews do not violate any Legal Requirement. Seller agrees, and will cause its appropriate Affiliates, to cooperate in all reasonable respects with Buyer to allow Buyer or its Affiliates to evaluate its System Employees to make hiring decisions so long as Buyer provides notice to Seller and such evaluation does not unreasonably interfere with Seller's operations and such evaluations do not violate any law or Contract. All offers for initial employment with Buyer will be for employment with substantially similar responsibilities at a geographic location within a 35-mile radius of such System Employee's primary place of employment and same base compensation such System Employee is receiving as of the Closing Date. Seller acknowledges that nothing in this Agreement will restrict Buyer from changing a Hired Employee's job description, responsibilities, location, salary or benefits following the Closing. To the extent

consent is required by applicable law, Seller will use good faith efforts to obtain the consent of each of its System Employees to allow Buyer to review personnel files in connection with the foregoing. Buyer or its Affiliates may, if it wishes, condition any offer of employment upon the employee's passing a pre-employment drug screening test, the completion of a satisfactory background check and, if the employee is on Approved Leave of Absence, upon the employee's return to active service (with or without reasonable accommodations) within 12 weeks after the Closing Date or, if earlier, on the first Business Day following expiration of the employee's Approved Leave of Absence. For purposes of this Agreement, employees on "Approved Leave of Absence" means employees absent from work on the Closing Date and unable to perform their regular job duties by reason of illness or injury under approved plans or policies of the employer (other than employee's absence for less than five days due to short term illness or injury not requiring written approval by the employer) or otherwise absent from work under approved or unpaid leave policies of the employer. Buyer will bear the expense of such examination but Seller will, upon reasonable notice, cooperate in the scheduling of such examinations so long as the examinations do not unreasonably interfere with Seller's operations. The selection of employees to be offered employment by Buyer will be made at the sole and absolute discretion of Buyer. As of the Closing Date, Buyer will have no obligation to Seller, its Affiliates or to the Seller's employees, with regard to any employee it has determined not to hire. As of the Closing Date, Seller will, and will cause its appropriate Affiliates to, terminate the employment of all System Employees that are hired by Buyer or its Affiliates (the "Hired Employees") as of the Closing Date. Notwithstanding any of the foregoing, from the date hereof until the Closing, and other than in connection with offers of employment to such employees to take effect at the Closing, Buyer agrees not to solicit for employment prior to the Closing (other than through general advertisements), without the written consent of the other, any System Employee.

6.3.2. As of the Closing Date, Seller will be responsible for and will cause to be discharged and satisfied in full or, with respect to Seller Plans, will have adequately funded or reserved for, all amounts due and owing to each System Employee (whether or not such employees are hired by Buyer as of or after the Closing) with respect to and in accordance with the terms of all compensation plans or Seller Plans, including without limitation, any compensation including salaries, commissions, deferred compensation, severance (if applicable), insurance, pension, profit sharing, disability payment, medical, sick pay, holiday, accrued and unused vacation in excess of the amount Buyer assumes pursuant to this Section, payments under any incentive compensation or bonus agreement, in each case, which has accrued on or prior to the Closing Date and other compensation or benefits to which they are entitled for periods prior to the Closing Date (and, for Employees on Approved Leave of Absence, until their termination by Seller, or its appropriate Affiliate, or their employment by Buyer, or its appropriate Affiliate, as set forth in Section 6.3.1). Seller will satisfy any legal obligation with respect to continuation of group health coverage required pursuant to Section 4980B of the Code or Section 601, et seq., of ERISA with

respect to all System Employees whose employment with Seller or any of Seller's ERISA Affiliates terminates on or before the Closing Date. Any liability under the Worker Adjustment and Retraining Notification Act, 29 U.S.C. Section 2101, et seq. ("WARN") with regard to any employee terminated on or prior to the Closing Date, or not hired by Buyer on or after the Closing Date, will, as a matter of contract between the parties, be the responsibility of Seller. Buyer will cooperate with Seller and Seller's Affiliates, if requested, in the giving of WARN notices on behalf of the other party.

6.3.3. Buyer and Seller hereby acknowledge and agree that, pursuant to the authority of Revenue Ruling 2000-27, the transactions contemplated by this Agreement will result in a permissible distribution event under Section 401(k) of the Code from any Seller Plan designed to satisfy the requirements of Section 401(k) of the Code.

6.3.4. Except as otherwise expressly provided pursuant to the terms of this Agreement, Buyer will not have or assume any obligation or liability under or in connection with any Seller Plan. In regard to any System Employee on an Approved Leave of Absence, such responsibility for benefit coverage of such System Employee, and liability for payment of benefits, will remain that of Seller, or the appropriate Affiliate of Seller, until such employee becomes an employee of the Buyer after the Closing pursuant to Section 6.3.1 or is terminated by Seller or its appropriate Affiliate. For purposes of this Agreement, the following claims and liabilities will be deemed to be incurred as follows: (i) medical, dental and/or prescription drug benefits upon the rendering of the medical, dental, pharmacy or other services giving rise to the obligation to pay such benefits except with respect to such benefits provided in connection with a continuous period of hospitalization, which will be deemed to be incurred at the time of admission to the hospital; (ii) life, accidental death and dismemberment and business travel accident insurance benefits and workers' compensation benefits, upon the occurrence of the event giving rise to such benefits; and (iii) salary continuation or other short-term disability benefits, or long-term disability, upon commencement of the disability giving rise to such benefit.

6.3.5. (a) Notwithstanding anything to the contrary herein, Buyer will:

(i) upon receipt of a schedule showing the vacation balances and value of such balances of each Hired Employee (as defined below), which schedule will be delivered by Seller to Buyer within 10 days after the Closing, credit each Hired Employee the amount of vacation time (but not sick time) permitted to be accrued by employees of Buyer in accordance with Buyer's standard practices (to a maximum of four weeks) accrued and unused by him or her as a System Employee through and including the Closing Date to the extent Buyer has received an adjustment to the Purchase Price therefor; provided, however, that if any Hired Employee has accrued vacation time in excess of the amount transferred to Buyer, then Seller will, and will cause its appropriate

Affiliate to, pay to such employee the amount of such excess and Buyer will not assume any liability or obligation in respect of such excess;

(ii) give each Hired Employee credit for such employee's past service with Seller and its Affiliates as of the Closing Date as reflected on the System Employee Schedule (which may include past service with any prior owner or operator of the Systems) ("Past Service") for purposes of eligibility to participate in Buyer's employee welfare benefit (including medical, dental, flexible spending accounts, accident, life insurance plans and programs, disability plans, and other employee welfare benefits) plans (the "Buyer's Welfare Plans") that are generally available to similarly situated employees of Buyer and such employees' dependents;

(iii) give each Hired Employee credit for such employee's Past Service for purposes of participation and vesting under Buyer's employee 401(k) plan, provided that Buyer will not be obligated to establish a special entry date under such plan for Hired Employees;

(iv) give each Hired Employee credit for such employee's Past Service with Seller and its Affiliates as of the Closing Date for any waiting periods under Buyer's Welfare Plans that are generally available to similarly situated employees of Buyer and except to the extent any Hired Employees were subject to any limitations on benefits for any preexisting conditions or requirements for evidence of insurability under Seller's Plans, not subject any Hired Employees to such limitations, provided that the treatment is covered under Buyer's group health plans; and

(v) credit each Hired Employee under any Buyer group health plan for any deductible amount and out of pocket expenses and similar limits applicable and previously met by such Hired Employee as of the Closing Date under any of the group health plans of Seller or its Affiliates for the plan year in which the transfer of employment occurs.

(b) Notwithstanding anything set forth in Section 6.3.5(a), Buyer will have no obligation to System Employees who are Employees on Approved Leave of Absence until they become employees of Buyer pursuant to Section 6.3.1 hereof.

6.3.6. If Buyer discharges any Hired Employee without cause within 90 days after the Closing Date, then Buyer will pay severance pay to such Hired Employee in accordance with Seller's severance benefit plan in effect as of the Closing, taking into account such Hired Employee's Past Service as well as such Hired Employee's period of employment with Buyer for purposes of calculating severance pay under such plan. Seller will reimburse Buyer upon request if and to the extent such severance pay exceeds the severance pay that would have been payable under Seller's severance benefit plan in effect as of the date of this Agreement. Following such 90-day period, each Hired Employee

will be covered under the Buyer's severance benefit plan and Buyer will count the period of employment with Buyer as well as such Hired Employee's Past Service for purposes of calculating benefits under such plan. For purposes of this Agreement, "cause" means (a) conviction (including a plea of guilty or nolo contendere) of a crime involving theft, fraud, dishonesty or moral turpitude, (b) intentional or grossly negligent disclosure of confidential or trade secret information of Buyer (or any of its Affiliates) to anyone who is not entitled to receive such information; (c) gross omission or gross dereliction of any statutory or common law duty of loyalty to Buyer or any of its Affiliates; (d) willful violation of Buyer's code of conduct or other written policies or procedures; or (e) repeated failure to carry out the duties of the employee's position despite specific instruction to do so.

6.3.7. If Seller has, or acquires, a duty to bargain with any labor organization with respect to any of System Employees, then Seller will (i) give prompt written notice of such development to Buyer, including notice of the date and place of any negotiating sessions as they are planned or contemplated and permit Buyer to have a representative present at all negotiating sessions with such labor organization and at all meetings preparatory thereto (including making Buyer's representative a representative of Seller's delegation if required by the labor organization), and (ii) not, without Buyer's written consent, enter into any contract with such labor organization that purports to bind Buyer, including any successor clause or other clause that would have this purpose or effect. Seller acknowledges and agrees that Buyer has not agreed to be bound, and will not be bound, without an explicit assumption of such liability or responsibility by Buyer, by any provision of any collective bargaining agreement or similar contract with any labor organization to which Seller or any its Affiliates is or may become bound. Except as may be required on the part of Seller or its Affiliates by operation of law, and then only upon written notice to Buyer of any proposed action or non-action and after consultation in good faith with Buyer, Seller will take no action or engage in any inaction which might obligate or require Buyer to recognize or bargain with any labor organization on behalf of Systems Employees. Nothing in this Section 6.3.7 will be deemed a waiver of Seller's attorney-client privilege.

6.3.8. Nothing in this Section 6.3 or elsewhere in this Agreement will be deemed to make any employee of Seller a third party beneficiary of this Agreement.

6.4. Leased Vehicles; Other Capital Leases. Seller will pay the remaining balances on any leases for vehicles or capital leases included in the Equipment and will deliver title to such vehicles and other Equipment free and clear of all Encumbrances (other than Permitted Encumbrances) to Buyer at the Closing.

6.5. Consents.

6.5.1. Prior to the Closing, Seller will use commercially reasonable efforts to obtain in writing, as promptly as possible and at its expense, all the Required Consents, in form and substance reasonably satisfactory to Buyer and will deliver to Buyer copies of such Required Consents after they are obtained by Seller; provided, that Seller will use a form of letter or application prepared by Buyer (subject to reasonable review and comment by Seller); provided that in no event will Seller request the consent of any Third Party or Affiliate later than 45 days following the date hereof. All documents delivered or filed with any Governmental Authority or any Person by or on behalf of Seller pursuant to this Section 6.5, when so delivered or filed, will be correct, current and complete in all material respects. Buyer will cooperate with Seller to obtain all Required Consents, but Buyer will not be required to accept or agree or accede to any modifications or amendments to, or changes in, or the imposition of any condition to the transfer to Buyer of any Contract, Franchise or written instrument evidencing Real Property that are not reasonably acceptable to Buyer. Prior to the Closing, Seller will (i) use commercially reasonable efforts to give any notices required by the terms of the Contracts, Franchises, Real Property agreements and Licenses to be given prior to Closing and (ii) cooperate in good faith with Buyer in connection with requests for consents (other than Required Consents) required by the terms of the Contracts, Franchises, Real Property agreements and Licenses to be obtained. Notwithstanding the foregoing, Buyer will comply with the reasonable requests of Seller and, to the extent required, negotiate in good faith with any Third Party, as commercially reasonable for Seller to assign to Buyer in part the rights and obligations under any master Contract disclosed on SCHEDULE 4.6.

6.5.2. Notwithstanding the provisions of Section 6.5.1, Seller will not have any further obligation to obtain Required Consents: (a) with respect to Contracts relating to pole attachments where the licensing party will not, after Seller's exercise of commercially reasonable efforts, consent to an assignment of such Contract but requires that Buyer enter into a new agreement with such licensing authority, in which case Buyer will use its commercially reasonable efforts to negotiate such an agreement prior to (but contingent on) the Closing or as soon as practicable thereafter and Seller will cooperate with and assist Buyer in obtaining such agreements; (b) for any business radio license which Seller reasonably expects can be obtained within 120 days after the Closing and so long as such business radio license is eligible for automatic special temporary authorization under FCC rules with respect thereto; and (c) with respect to leased Real Property, if Seller obtains and makes operational prior to Closing substitute leased Real Property that is reasonably satisfactory to Buyer and on terms reasonably satisfactory to Buyer.

6.5.3. If and to the extent that Seller fails to obtain all Required Consents identified with an asterisk (*) on SCHEDULE 4.3 (except Required Consents for the transfer of Franchises which will be governed by Section 6.5.4)

on or prior to the Closing (whether or not Buyer will have waived satisfaction of the condition to Closing set forth in Section 7.2.4), then, for a period of 15 months following the Closing, Seller with respect to such Systems and Assets will continue to use commercially reasonable efforts to obtain in writing as promptly as possible such Required Consents and will deliver copies of the same, reasonably satisfactory in form and substance, to Buyer.

6.5.4. If all of the conditions to the Closing have been met and the parties have not received 100% of the Required Consents for Franchises, then, at the Closing, Seller will transfer, convey and assign to Buyer all of the Assets, and the Closing will occur with respect to all of the Assets, other than (a) any Franchises for which Required Consents have not been obtained (the "Retained Franchises"), and (b) any Assets that are located in the Franchise area for such Retained Franchises and that relate exclusively to such Retained Franchises (together with the Retained Franchises, the "Retained Assets"). The portion of the Purchase Price to be given as consideration for the Retained Assets (which portion will be calculated as a pro rata portion of the Purchase Price based on the number of Equivalent Basic Subscribers in the Service Areas covered by the Retained Franchises), but in any event not to exceed 10% of the Purchase Price (the "Retained Purchase Price") will be deposited in escrow with the Escrow Agent pursuant to an escrow agreement substantially in the form of EXHIBIT B. Following the Closing, the parties will continue to use commercially reasonable efforts to obtain Required Consents for any Retained Franchises in accordance with the terms of this Agreement for a period of 120 days. Within 10 Business Days after obtaining the Required Consent for a Retained Franchise, or upon the expiration of 120 days after the Closing, whichever will first occur, Seller will transfer, convey and assign the Retained Assets relating to such Retained Franchise to Buyer and the Parties will cause the Escrow Agent to deliver to Seller the Retained Purchase Price (or portion thereof related to the Retained Assets being transferred) and all interest accruing thereon. Prior to the Closing, Buyer and Seller will negotiate in good faith to reach agreement on a management agreement pursuant to which Buyer will manage all Retained Assets (except to the extent such management will cause either Party to violate any Legal Requirement), which management agreement will also contain any required signal sharing arrangements (the "Retained Assets Management Agreement"). The Parties will negotiate in good faith to resolve the operation of any Retained Assets that may not, pursuant to applicable Legal Requirement, be managed by Buyer pursuant to the foregoing. The Retained Assets Management Agreement will provide that Buyer will bear all expenses relating to the Retained Assets and the operation thereof and will receive the net cash flow from the Retained Assets as its management fee. The Retained Assets Management Agreement will provide that its term will continue with respect to each Retained Asset until Seller transfers such Retained Asset to Buyer in accordance with this Section 6.5.4. The adjustments pursuant to Section 3.2 will be made as of the Closing Date for the Retained Assets as if they were transferred on the Closing Date. In addition, Buyer will become liable for the Assumed Obligations and Liabilities with respect to the Retained Assets as of the Closing Date, and all

representations and warranties (except as to those Required Consents that have not been obtained) made in connection with the Retained Assets will be made as of the Closing Date rather than any subsequent transfer date. Buyer may further make any indemnification claims permitted under Section 10 with respect to the Retained Assets as though the Retained Assets were transferred at the Closing. If the provisions of this Section 6.5.4 become operative, the parties agree to use commercially reasonable efforts and act in good faith in taking such actions and negotiating such additional provisions or other agreements, including amendments to this Agreement, as may be necessary or appropriate to carry out the intent of this Section 6.5.4. Buyer and Seller will each pay one-half of the expense of defending any legal challenges alleging the premature, unlawful or invalid transfer of any of the Retained Franchises, including reasonable attorneys' fees and consultants' fees; provided, however, that the actual amount of any judgments obtained by a Governmental Authority resulting from (a) the transfer of any Retained Assets, Retained Franchise, or actual working control of either without proper consent or (b) any action taken by Buyer as manager of the Retained Assets; and further provided that any amounts paid to reinstate any Retained Franchise revoked as a result of either such event will be borne solely by Buyer. If a Retained Franchise is revoked for any reason, there will be no compensation or other remuneration paid by any party to another party as a result of such revocation.

6.5.5. Buyer will prepare and deliver to Seller no later than the date of this Agreement, Buyer's portion of FCC Forms 394 with respect to each Franchise for which a Required Consent must be obtained as set forth on SCHEDULE 4.3. Seller will prepare Seller's portion of such Forms for each such Franchise on or before the date of this Agreement. Seller and Buyer will cooperate in the preparation of such Forms and will execute such Forms and Seller will deliver them to the appropriate Governmental Authority on or before March 1, 2001. In connection with such delivery, Seller will request and retain proofs of delivery and will promptly deliver copies of such proofs to Buyer. Without the prior consent of Buyer, Seller will not agree with any Governmental Authority to extend or to toll the time limits applicable to such Governmental Authority's consideration of any FCC Form 394 filed with such Governmental Authority. Seller will use commercially reasonable efforts to (i) provide advance notice to Buyer of any meetings or conferences (whether in person or by conference call) with Governmental Agencies concerning such Forms, and (ii) to permit Buyer to participate in such meetings or conferences on its own behalf.

6.5.6. Prior to the Closing and subject to Section 6.2, Seller will use commercially reasonable efforts to obtain a renewal or extension of any Franchise (for a period expiring no earlier than three years after the Closing Date) for which a valid notice of renewal pursuant to the formal renewal procedures established by Section 626 of the Communications Act has not been timely delivered to the appropriate Governmental Authority (as identified in SCHEDULE 4.9) and no written confirmation has been received from such Governmental Authority that the procedures established by Section 626 of the

Communications Act nonetheless will be applicable with respect to the renewal or extension of such Franchise.

6.6. Title Commitments and Surveys. After the execution of this Agreement, Buyer may obtain, at its sole expense, (a) commitments for owner's title insurance policies on all Real Property owned by Seller and on easements which provide access to each such parcel of Real Property, and (b) an ALTA survey on each parcel of Real Property for which a title insurance policy is to be obtained. Seller will provide reasonable assistance in connection with Buyer obtaining such commitments and surveys, as Buyer may request from time to time. All such commitments and surveys will be obtained within 60 days of the date of this Agreement. If Buyer notifies Seller in writing within 15 days after the date Buyer receives the commitment or survey with respect to a parcel of owned or leased Real Property that the commitment or survey discloses a condition that constitutes a breach, or any facts which could be reasonably expected to result in a breach, of the representations of Seller contained in Section 4.7 or any condition that would prohibit Seller from transferring title to such Real Property free and clear of Encumbrances (other than Permitted Encumbrances), then Seller will promptly commence further investigation and use commercially reasonable efforts to at its expense to cure the condition prior to Closing. If Seller, having used such commercially reasonable efforts, is unable to cure the condition prior to Closing and Closing will occur, then any claim for indemnification that Buyer may have with respect to the condition may be brought without the requirement that such claims meet or exceed the Threshold Amount. Seller agrees to provide Buyer's title company with a standard form of indemnification for any mechanic's or materialmen's lien affecting such Real Property which is not an Assumed Obligation and Liability.

6.7. HSR Notification. As soon as practicable after the execution of this Agreement, but in any event no later than 30 days after such execution, Seller and Buyer will each complete and file, or cause to be completed and filed, any notification and report required to be filed under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended (the "HSR Act"), with respect to the transactions contemplated by this Agreement; and each such filing will request early termination of the waiting period imposed by the HSR Act. The parties will use their commercially reasonable efforts to respond as promptly as reasonably practicable to any inquiries received from the Federal Trade Commission (the "FTC") and the Antitrust Division of the Department of Justice (the "Antitrust Division") for additional information or documentation and to respond as promptly as reasonably practicable to all inquiries and requests received from any other Governmental Authority in connection with antitrust matters. Each party will cooperate to prevent inconsistencies between their respective filings and between their respective responses to all such inquiries and requests, and will furnish to each other such necessary information and reasonable assistance as the other may reasonably request in connection with its preparation of necessary filings or submissions under the HSR Act. The parties will use their respective commercially reasonable efforts to overcome any

objections which may be raised by the FTC, the Antitrust Division or any other Governmental Authority having jurisdiction over antitrust matters. Notwithstanding the foregoing, neither Buyer nor Seller will be required to make any significant change in the operations or activities of their respective business (or any material assets employed therein) or that of any of their respective Affiliates, if such party determines in good faith that such change would be materially adverse to the operations or activities of such business (or any material assets employed therein), provided such business has significant assets, net worth, or revenue. Each party will pay its own filing fees under the HSR Act in connection with the transactions contemplated by this Agreement.

6.8. Notification of Certain Matters. Seller will promptly notify Buyer of any fact, event, circumstance or action (a) which, if known on the date of this Agreement, would have been required to be disclosed to Buyer pursuant to this Agreement or (b) the existence or occurrence of which would cause any of Seller's representations or warranties under this Agreement not to be correct and complete as of the Closing Date.

6.9. Risk of Loss; Condemnation.

6.9.1. Seller will bear the risk of any loss or damage to the Assets resulting from fire, theft or other casualty (except reasonable wear and tear) at all times prior to the Closing. If any such loss or damage is so substantial as to prevent normal operation of any material portion of the Systems or the replacement or restoration of the lost or damaged property within 45 days after the occurrence of the event resulting in such loss or damage, Seller will immediately notify Buyer of that fact and Buyer, at any time within 10 days after receipt of such notice, may elect by written notice to Seller either (a) to waive such defect and proceed toward consummation of the transactions contemplated by this Agreement in accordance with terms of this Agreement or (b) terminate this Agreement. If Buyer elects so to terminate this Agreement, Buyer and Seller will be discharged of any and all obligations hereunder. If Buyer elects to consummate the transactions contemplated by this Agreement notwithstanding such loss or damage and does so, there will be no adjustment in the consideration payable to Seller on account of such loss or damage, but all insurance proceeds payable as a result of the occurrence of the event resulting in such loss or damage will be delivered by Seller to Buyer, or the rights to such proceeds will be assigned by Seller to Buyer if not yet paid over to Seller.

6.9.2. If, prior to the Closing, all or any part of or interest in the Assets is taken or condemned as a result of the exercise of the power of eminent domain, or if a Governmental Authority having such power informs Seller or Buyer that it intends to condemn all or any part of the Assets (such event being called, in either case, a "Taking"), then (a) Buyer will have the sole right, in the name of Seller, if Buyer so elects, to negotiate for, claim, contest and receive all damages with respect to the Taking, (b) Seller will be relieved of its obligation to convey to Buyer the Assets or interests that are the subject of the Taking,

(c) at the Closing, Seller will assign to Buyer all of Seller's rights to all damages payable with respect to such Taking and will pay to Buyer all damages previously paid to Seller with respect to the Taking, and (d) following the Closing, Seller will give Buyer such further assurances of such rights and assignment with respect to the Taking as Buyer may from time to time reasonably request. The foregoing will not affect or limit the scope of any representation or warranty of Seller in this Agreement or limit Buyer's right to rely on such representation or warranty as a condition of Closing to the extent set forth in this Agreement.

6.10. Transfer Taxes; Ad Valorem Obligations.

6.10.1. Any state or local sales, use, transfer, or documentary transfer Taxes or fees or any other charge imposed by any Governmental Authority (other than any of Seller's income, franchise, gross receipts, corporation, excess profits, rental, devolution, or payroll tax by whatsoever authority imposed or howsoever designated) arising from or payable by reason of the transfer of the Assets contemplated by this Agreement will be borne equally by Buyer and Seller. Tax returns required to be filed in respect of Transfer Taxes ("Transfer Tax Returns") will be prepared and filed by the party that has the primary responsibility under applicable law for filing such Transfer Tax Returns. If neither party has primary responsibility for filing a Transfer Tax Return, then Seller will be responsible for preparing and filing any such Transfer Tax Return.

6.10.2. Each party hereto will cooperate in assuring that all real property taxes, personal property taxes and similar ad valorem obligations that are levied with respect to the Assets or the Business for assessment periods in which the Closing Date occurs and are otherwise not accounted for in the adjustment to Purchase Price set forth in Section 3.2 of the Agreement or excluded pursuant to Section 2.2(w) (collectively, the "Apportioned Obligations") and any refund or rebate thereof, will be apportioned between Seller and Buyer as of the Closing Date based on the number of days in any such period falling on or before the Closing Date, on one hand, and after the Closing Date, on the other hand (it being understood that Seller is responsible for the portion of each such Apportioned Obligation attributable to the number of days from the most recent lien date to and including the Closing Time and Buyer is responsible for the portion of each such Apportioned Obligation attributable to the period after the Closing Time). An adjustment will be made to the Purchase Price to reflect any payment of Apportioned Obligations that have been made by Seller on or prior to the Closing Date that are apportioned to Buyer hereunder. The parties hereto will cooperate, including during times of audit by taxing Governmental Authorities, to avoid payment of duplicate or inappropriate Taxes or other ad valorem obligations of any kind or description which related to the Assets or the Business, and each party will furnish, at the request of the other, proof of payment of any such Taxes or ad valorem obligations or other

documentation that is a prerequisite to avoiding payment of a duplicate or inappropriate Tax or other ad valorem obligations.

6.11. Updated Schedules. Not less than 10 Business Days prior to the Closing, Seller will deliver to Buyer revised copies of the Schedules to this Agreement, which will have been updated and marked to show any changes occurring between the date of this Agreement and the date of delivery. Seller will update all Schedules, regardless of whether the original Schedule is as of a certain date; provided that SCHEDULE 4.16 will be updated to a reasonable date between the date of this Agreement and the Closing Date. Such updates are for informational purposes only, and for purposes of determining whether Seller's representations, warranties and covenants in this Agreement are true and correct at Closing, all references to the Schedules will mean the version of the Schedules attached to this Agreement on the date of signing. Notwithstanding the foregoing, if the effect of any such updates to Schedules is to disclose any one or more additional properties, privileges, rights, interests or claims, in each case acquired after the date of this Agreement ("New Properties") as Assets that would have been (if owned on the date of this Agreement) required by this Agreement to have been disclosed by Seller in its original Schedules and that were acquired by Seller after the date of this Agreement in breach of this Agreement, then Buyer, at or before Closing, will have the right (to be exercised by written notice delivered to Seller at least two days prior to the Closing Date) to cause any one or more of such New Properties to be designated as and deemed to constitute Excluded Assets for all purposes under this Agreement. Notwithstanding anything to the contrary contained in this Agreement, and except as set forth in the preceding sentence with respect to New Properties, the waiver of any condition to Closing by a party who has knowledge of a breach by the other party will not be deemed a waiver of any rights and remedies with respect to such breach under this Agreement.

6.12. Use of Seller's Name. Seller and its Affiliates will retain all rights with respect to the name "Charter," or any and all derivations thereof after the Closing. Buyer will remove or delete such names or any and all derivations thereof from the Business and Assets as soon as reasonably practicable, but in any event by the 120th day following the Closing. Seller and its Affiliates will take no action to enforce their intellectual property rights in such names during such 120-day period, provided Buyer complies with the terms of this Section 6.12 Notwithstanding the foregoing, nothing in this Section 6.12 will require Buyer to remove or discontinue using any such name or mark that is affixed to converters or other items in customer homes or properties on the Closing Date, or as are used in a similar fashion which makes such removal or discontinuation impracticable.

6.13. Transitional Billing Services. Seller will provide to Buyer, upon request, access to and the right to use its billing system computers, software and related fixed assets in connection with the Systems for a period of up to six months following the Closing to allow for conversion of existing billing

arrangements, including billing and related arrangements regarding internet access services being provided to customers of a System on the Closing Date ("Transitional Billing Services"). Buyer will notify Seller at least 30 days prior to the Closing as to whether it desires Transitional Billing Services from Seller. All Transitional Billing Services, if any, that are requested by Buyer will be provided on terms and conditions reasonably satisfactory to each party; provided, however, that the amount to be paid by Buyer for such Transitional Billing Services will not exceed the out-of-pocket cost to Seller of providing such Transitional Billing Services. Seller will notify Buyer of the cost to Seller of providing such Transitional Billing Services within 10 Business Days after receiving Buyer's notice requesting the provision of such Transitional Billing Services.

6.14. Certain Notices. Seller will duly and timely file a valid request for renewal under Section 626 of the Communications Act with the proper Governmental Authority with respect to all Franchises of the Business that will expire within 33 months after any date between the date of this Agreement and the Closing Date.

6.15. Satisfaction of Conditions. Each party will use commercially reasonable efforts to satisfy, or to cause to be satisfied, the conditions to the obligations of the other party to consummate the transactions contemplated by this Agreement, as set forth in Section 7, by no later than June 15, 2001.

6.16. Bulk Transfers. Buyer and Seller each waive compliance by the other with Legal Requirements relating to bulk transfers that may be applicable to the transactions contemplated hereby.

6.17. Programming Matters. Buyer will execute and deliver to Seller such documents and take such actions as may be reasonably requested by Seller to comply with the requirements of Seller's programming Contracts and channel line-up requirements with respect to divestitures of cable television systems. Seller will execute and deliver such documents as may be reasonably requested by Buyer to comply with the requirements of Buyer's programming Contracts and channel line-up requirements with respect to acquisitions of cable television systems. Neither party will be required to make any payments to the other's programmers in the fulfillment of its obligations under this Section 6.18; provided, however, that Buyer will not be required to provide specific programming or channels or to assume any liability with respect to or in connection with the programming agreements of Seller or any of its Affiliates. Buyer agrees to carry "Tech TV" on the Systems for 2 years after Closing provided it can receive such programming on terms no less favorable to it than those it and its Affiliates receive on the date hereof.

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6.18. Cooperation as to Rates and Fees.

6.18.1. After the Closing, notwithstanding the terms of Section 10.4, Buyer will have the right at its own expense to assume control of the defense of any rate proceeding with respect to the Systems that remains pending as of the Closing or that arises after the Closing but relates to the pre-Closing operation of the Systems. Buyer will promptly notify Seller regarding the commencement of any such rate proceeding relating to the pre-Closing operation of the Systems. In any such rate proceeding involving the Systems, Seller will cooperate in such proceeding and promptly deliver to Buyer all information reasonably requested by Buyer as necessary or helpful in such proceeding.

(a) If Buyer elects to assume control of the defense of any such rate proceeding, then (i) Seller will have the right to participate, at its expense, in the defense in such rate proceeding, and (ii) Buyer will have the right to settle any rate proceeding relating to the pre-Closing operation of the Systems unless under such settlement Seller would be required to bear liability with respect to the pre-Closing time period, in which event such settlement will require Seller's prior written consent, which consent will not be unreasonably withheld, conditioned or delayed.

(b) If Buyer does not elect to assume control of the defense of any such rate proceeding, then (i) Buyer will have the right to participate, at its expense, in the defense in such rate proceeding, and (ii) without the prior consent of Buyer (which will not be unreasonably withheld, conditioned or delayed), Seller will not settle such rate proceeding if such settlement would require Buyer to bear any liability or would adversely affect the rates to be charged by Buyer. In any such rate proceeding involving the Systems, Buyer will cooperate in such proceeding and promptly deliver to Seller all information in its possession that is reasonably requested by Seller as necessary or helpful in such proceeding.

6.18.2. Prior to Closing, Seller will not settle or permit to be settled any rate proceeding with respect to the Systems or Franchises without the consent of Buyer, which consent will not be unreasonably withheld or delayed, unless the proposed settlement includes injunctive or other relief that adversely affects the Assets or its ability to operate such Systems substantially in the manner in which they are operated on the date of this Agreement (other than changing the rates in question), in which case consent may be withheld or delayed in Buyer's sole discretion.

6.18.3. If Seller is required, following the Closing, pursuant to any Legal Requirement, settlement or otherwise, to reimburse or provide in-kind or another form of consideration to any subscribers of the Systems in respect of any subscriber payments previously made by them, including fees for cable television service, equipment charges, late fees and similar payments,

Buyer agrees that it will make such reimbursement or provide such in-kind or other form of consideration through Buyer's billing system on terms reasonably specified by Seller, and Seller will reimburse Buyer for all such payments and other consideration made by Buyer following the Closing and for Buyer's reasonable out-of-pocket expenses incurred in connection therewith. Such reimbursement will be reflected in the Final Adjustments Report, to the extent then known. For expenses incurred after completion of the Final Adjustments Report, Seller will reimburse Buyer within 60 days after receipt of a statement therefor. Seller and Buyer will provide each other with all information in its possession that is reasonably required by such other party in connection with such reimbursement.

6.19. Cooperation on Pending Litigation. With respect to any defense or prosecution of any litigation or legal proceeding with respect to the Systems that relates to the period prior to the Closing Time and for which Seller and its Affiliates are responsible pursuant to this Agreement, Buyer will cooperate with and assist Seller and its Affiliates, upon reasonable request and at Seller's expense, by undertaking commercially reasonable efforts to make witnesses available and provide all information in its possession (including access to employees with information regarding such proceedings and access to books and records that may relate to the proceedings) that Seller and its Affiliates may reasonably require in connection with such litigation or legal proceedings or in response to any complaint, claim, inquiry, order or requirements of any Governmental Authority or other Third Party. No action undertaken by Buyer as requested by Seller under this Section 6.20 will be deemed a waiver of any rights and remedies it may have with respect to any breach under this Agreement.

6.20. Confidentiality.

6.20.1. Neither Buyer nor Seller will, nor will it permit any of its Affiliates to, issue any press release or make any other public announcement or any oral or written statements to Seller's employees concerning this Agreement or the transactions contemplated hereby except as required by applicable Legal Requirements, without the prior written consent of the other party. Each party will hold, and will cause its employees, consultants, advisors and agents to hold, the terms of this Agreement in confidence; provided that (a) such party may use and disclose such information once it has become publicly disclosed (other than by such party in breach of its obligations under this Section) or which rightfully has come into the possession of such party (other than from the other party) and (b) to the extent that such party may be compelled by Legal Requirements to disclose any of such information, but the party proposing to disclose such information will first notify and consult with the other party concerning the proposed disclosure, to the extent reasonably feasible. Each party also may disclose such information to employees, consultants, advisors, agents and actual or potential lenders whose knowledge is necessary to facilitate the consummation of the transactions contemplated by this Agreement. The obligation by either party to hold information in confidence pursuant to this

Section will be satisfied if such party exercises the same care with respect to such information as it would exercise to preserve the confidentiality of its own similar information.

6.20.2. All information concerning the Business or Assets obtained by Buyer or its Affiliates pursuant to or in connection with negotiation of this Agreement will be used by Buyer and its Affiliates solely for purposes related to this Agreement and, in the case of nonpublic information, will, except as may be required for the performance of this Agreement or by Legal Requirement, be kept in strict confidence by Buyer and its Affiliates in accordance with the terms of the letter agreement dated October 24, 2000, as amended effective on the date of this Agreement, which letter agreement, as amended, is hereby incorporated in this Agreement by reference. Any breach of such letter agreement, as amended, will be deemed a material breach of this Agreement.

6.21. Lien Searches. Seller will obtain, at its expense, and deliver to Buyer at least 45 Business Days prior to the Closing Date, the results of a lien search conducted by a professional search company of records in the offices of the secretaries of state in each state and county clerks in each county where there exist any Real Property or Equipment, and in the state and county where Seller's principal offices are located, including copies of all financing statements or similar notices or filings (and any continuation statements) discovered by such search company.

6.22. Further Assurances. At or after the Closing, each party at the request of the other party, will promptly execute and deliver, or cause to be executed and delivered, to the other party all such documents and instruments, in addition to those otherwise required by this Agreement, in form and substance reasonably satisfactory to the other party as the other party may reasonably request in order to carry out or evidence the terms of this Agreement or to collect any accounts receivable or other claims included in the Assets.

6.23. Expired Leases. Seller will exercise commercially reasonable efforts prior to Closing to obtain written renewals or extensions, on terms reasonably acceptable to Buyer, for at least one year following the Closing of all leases of Real Property that will have expired prior to the Closing.

6.24. Environmental Assessment.

6.24.1. Seller acknowledges and agrees that Buyer may commission, at Buyer's cost and expense, a "Phase I" environmental site assessment of the Real Property owned by Seller (a "Phase I Assessment") or "Phase II" assessment, or other testing or analysis of the Real Property owned by Seller as Buyer may deem appropriate (a "Phase II Assessment"). Seller will use its commercially reasonable efforts to comply with any reasonable request for information made by Buyer or its agents in connection with any such

investigation, but in no event will Seller be required under this Section 6.25.1 to disclose any materials constituting attorney-client privileged communications. Seller covenants that any response to any such request for information will be complete and correct in all material respects. Seller will afford Buyer and its agents or representatives access to all operations of Seller at all reasonable times and in a reasonable manner in connection with any such investigation. Any such assessment will be completed within 60 days of the date of this Agreement. If Buyer notifies Seller in writing within 15 days after the date Buyer receives the assessment with respect to a parcel of owned Real Property that the assessment discloses an environmental condition that (a) constitutes a breach, or any facts which could be reasonably expected to result in a breach, of the representations of Seller contained in Section 4.8 or (b) could reasonably be expected to impair the use or value of such Real Property for the continued operations of the Business or subject Buyer to any Losses if Buyer consummates this Agreement, then Seller will promptly commence further investigation and use commercially reasonable efforts to at its expense to cure the condition prior to Closing. If Seller, having used such commercially reasonable efforts, is unable to cure the condition prior to Closing and Closing will occur, then any claim for indemnification that Buyer may have with respect to the condition may be brought without the requirement that such claims meet or exceed the Threshold Amount.

6.24.2. In the event this Agreement is terminated or fails to close in accordance with its terms, Buyer agrees to repair any damage or disturbance it causes to the Real Property in the course of such investigative activities by returning such Real Property to approximately the same condition as existed prior to such investigative activities. Buyer will indemnify, defend and hold Seller free and harmless from and against any and all claims, actions, causes of action, suits, proceedings, costs, expenses (including reasonable attorneys' and consultants' fees and costs), liabilities, damages, and liens of any type arising directly out of any act or omission of Buyer or any of Buyer's representatives on or about the Real Property in the course of such investigative activities. However, neither of the two preceding sentences will be interpreted to impose any obligation upon Buyer with respect to Hazardous Substances present at, on, in, under or about, or any conditions existing on, the Real Property at the time of such investigative activities, except to the extent Buyer's negligence or willful misconduct causes a release of such Hazardous Substances or otherwise exacerbates any such condition in a manner that leads to liability under any Environmental Law.

6.24.3. All information collected and generated as a result of the environmental due diligence authorized by Section 6.25.1 will be subject to the terms and conditions of Section 6.21 of this Agreement. Buyer will provide to Seller copies of all reports, assessments and other information composed or compiled by Buyer's environmental consultants within five (5) Business Days after Buyer's receipt of copies thereof.

6.25. No Offers. Seller (and its directors, officers, employees, representatives and agents) will not directly or indirectly, (i) offer the Assets, the Systems or the Business for sale, (ii) solicit, encourage or entertain offers for such Assets, Systems or Business, (iii) initiate negotiations or discussions for the sale of such Assets, Systems or Business or (iv) make information about such Assets, Systems or Business available to any Third Party in connection with the possible sale of such Assets, Systems or Business prior to the Closing Date or the date this Agreement is terminated in accordance with its terms.

6.26. Taxes. Seller and Buyer will reasonably cooperate in connection with the preparation and filing of any Tax return or any similar information statement, including any Transfer Tax Returns, for which the other is responsible for preparing and filing with respect to the Assets.

6.27. Distant Broadcast Signals. Unless otherwise restricted or prohibited by any Governmental Authority, applicable Legal Requirements or Contract, Seller will, if requested by Buyer, delete prior to the Closing any distant broadcast signals which Buyer determines will result in unacceptable liability on the part of Buyer for copyright payments with respect to continued carriage of such signals after the Closing; provided, however, that Seller may refuse to honor such a request if such deletion could reasonably be expected to delay or otherwise jeopardize Seller's ability to complete the transactions contemplated herein.

6.28. System Telephone Services. Prior to Closing, Buyer will select a vendor for the provision, and arrange for the transition, of all telephony services (e.g., long distance, data circuits, and 800 number) used in connection with the operation of the Systems. If Buyer fails to effect the transition of telephony services to its selected vendor as of the Closing Date, then Buyer will reimburse Seller for all charges incurred by Seller after Closing with respect to telephony services used in connection with the operation of the Systems or in the conduct of the Business.

7. CONDITIONS TO CLOSING.

7.1. Conditions to the Obligations of Buyer and Seller. The obligations of each party to consummate the transactions contemplated by this Agreement are subject to the satisfaction, at or before the Closing, of the following, which may be waived by the parties to the extent not prohibited by applicable Legal Requirements:

7.1.1. HSR Act Filings. All filings required under the HSR Act have been made and the applicable waiting period has expired or been terminated.

7.1.2. Absence of Legal Proceedings; Judgment. No judgment has been entered and not vacated by any Governmental Authority and no Legal

Requirement has been enacted, promulgated or issued or become or deemed applicable to any of the transactions contemplated by this Agreement by any Governmental Authority, which prevents or makes illegal the transactions contemplated by this Agreement. No action, suit or proceeding is pending or threatened by any federal Governmental Authority which would prevent or make illegal the transactions contemplated by this Agreement.

7.2. Conditions to the Obligations of Buyer. The obligations of Buyer to consummate the transactions contemplated by this Agreement are subject to the satisfaction, at or before the Closing, of the following conditions, which may be waived by Buyer (subject to Section 10.3(d)) to the extent not prohibited by applicable Legal Requirements:

7.2.1. Accuracy of Representations and Warranties. The representations and warranties of Seller in this Agreement are true, complete and correct (without regard to any materiality or similar qualifications contained therein), at and as of the Closing with the same effect as if made at and as of the Closing, except (i) for changes, if any, permitted or contemplated by this Agreement, (ii) to the extent a different date is specified therein, in which case such representation and warranty is true and correct as of such date and (iii) to the extent that all misstatements, omissions and inaccuracies in the representations and warranties of Seller, in the aggregate, do not have and could not reasonably be expected to have a Material Adverse Effect.

7.2.2. Performance of Agreements. Seller in all material respects has performed and complied with each obligation, agreement, covenant and condition required by this Agreement to be performed or complied with by Seller at or prior to the Closing.

7.2.3. Deliveries. Seller has delivered the items and documents required to be delivered by it pursuant to this Agreement, including those required under Section 8.2.

7.2.4. Required Consents. Except as otherwise provided in Section 6.5.2, Seller will have received and delivered to Buyer in form and substance reasonably satisfactory to Buyer, all of the Required Consents marked with an asterisk on SCHEDULE 4.3 (including those incorporated by reference) and all Required Consents for other CARS Licenses and Business Radio Licenses over 450 MHz and all Required Consents for other tower and headend leases; provided, however, that this condition, to the extent it relates to Required Consents of Governmental Authorities for Franchises, will be deemed to be satisfied when, the aggregate number of Equivalent Basic Subscribers (i) located in areas where it is legally permissible to operate without a franchise or that are served pursuant to Franchises that do not require consent, or (ii) that are located in franchise areas as to which Required Consents have been obtained in form and substance reasonably satisfactory to Buyer (or the consent of the appropriate Governmental Authority will be deemed to have been received in accordance

with Section 617 of the Communications Act (47 U.S.C. 537)), divided by of the total number of Equivalent Basic Subscribers for all of the Systems (the "Franchise Consent Ratio") is equal to or greater than 90%. For purposes of calculating the Franchise Consent Ratio, the number of Equivalent Basic Subscribers related to each franchise and for all of the Systems as a whole will be calculated as of April 30, 2001, or otherwise agreed upon by the parties.

7.2.5. Subscribers. The aggregate of the Equivalent Basic Subscribers and the "Equivalent Basic Subscribers" under the Related Agreement as of the last day of the calendar month immediately preceding the Closing Date is not less than 53,040 (fifty three thousand forty).

7.2.6. No Material Adverse Changes. During the period from December 31, 2000, through and including the Closing Date, there will not have occurred and be continuing any event or events having, individually or in the aggregate, a Material Adverse Effect.

7.2.7. Franchise Renewals. Each Franchise for which (a) a valid notice of renewal pursuant to the formal renewal procedures established by Section 626 of the Communications Act has not been timely delivered to the appropriate Governmental Authority and (b) with respect to which the appropriate Governmental Authority has not confirmed in writing that the procedure established by Section 626 nonetheless will apply to the renewal or extension of such Franchise, will have been renewed or extended for a period expiring no earlier than three years after the Closing Date.

7.3. Conditions to Obligations of Seller. The obligations of Seller to consummate the transactions contemplated by this Agreement are subject to the satisfaction at or before the Closing, of the following, which may be waived by Seller, to the extent not prohibited by applicable Legal Requirements:

7.3.1. Accuracy of Representations and Warranties. The representations and warranties of Buyer in this Agreement, if qualified by a reference to materiality, are true, complete and correct and, if not so qualified, are true, complete and correct in all material respects, at and as of the Closing with the same effect as if made at and as of the Closing, except for changes, if any, permitted or contemplated by this Agreement and except to the extent a different date is specified therein, in which case such representation and warranty is true and correct as of such date.

7.3.2. Performance of Agreements. Buyer in all material respects has performed and complied with each obligation, agreement, covenant and condition required by this Agreement to be performed or complied with by Buyer at or prior to the Closing.

7.3.3. Deliveries. Buyer has delivered the payment, items and documents required to be delivered by it pursuant to this Agreement, including those required under Section 8.3.

8. CLOSING.

8.1. Time and Place of the Closing. The Closing will be held on a date specified by Seller which is no less than five nor more than 10 Business Days following the date all conditions to the Closing contained in this Agreement (other than those based on acts to be performed at the Closing) have been satisfied or waived; provided, however, either party may postpone the Closing Date until the last day of the month in which all such conditions are satisfied or waived. The Closing will be held at 9:00 a.m., local time, at Seller's counsel's office located at 633 Seventeenth Street, Suite 3000, Denver, Colorado 80202, or at such other place and time as Buyer and Seller may agree.

8.2. Seller's Delivery Obligations . At the Closing, Seller will deliver (or cause to be delivered) to Buyer the following:

(a) A Bill of Sale and Assignment and Assumption Agreement in substantially the form of EXHIBIT A to this Agreement (the "Bill of Sale");

(b) A special or limited warranty deed in a form reasonably acceptable to Buyer (and complying with applicable state laws) with respect to each parcel of Real Property which is owned by Seller, and the improvements thereon, duly executed and acknowledged and in recordable form, warranting only to defend title to such owned Real Property against all persons claiming by, through or under Seller, subject, however, to any Permitted Encumbrances;

(c) Title certificates to all vehicles included among the Assets (including those subject to leases), endorsed for transfer of valid and good title to Buyer, free and clear of all Encumbrances and leases (other than Permitted Encumbrances), and separate bills of sale or other transfer documentation for such vehicles, if required by the laws of the states in which such vehicles are titled;

(d) A certificate, dated the Closing Date, signed by an officer of Seller, stating, solely in his or her capacity as such officer, that the conditions set forth in Sections 7.2.1 and 7.2.2 are satisfied;

(e) A FIRPTA Non-Foreign Seller Certificate from Seller certifying that it is not a foreign person within the meaning of Section 1445 of the Internal Revenue Code of 1986, as amended (the "Code") reasonably satisfactory in form and substance to Buyer;

(f) Evidence reasonably satisfactory to Buyer that all Encumbrances (other than Permitted Encumbrances) affecting or encumbering the Assets have been terminated, released or waived, as appropriate, or original, executed instruments in form reasonably satisfactory to Buyer effecting such terminations, releases or waivers;

(g) Copies of all Required Consents which have been obtained by the Seller prior to Closing;

(h) All Books and Records, delivery of which will be deemed made to the extent such Books and Records are then located at any of the offices of the Systems included in the Real Property;

(i) An opinion of Irell & Manella LLP, counsel for Seller, in substantially the form of EXHIBIT C; and

(j) Such other documents as Buyer may reasonably request in connection with the transactions contemplated by this Agreement.

8.3. Buyer's Delivery Obligations . At the Closing, Buyer will deliver (or cause to be delivered) to Seller the following:

(a) The Purchase Price required to be paid at the Closing, as adjusted in accordance with this Agreement;

(b) The Bill of Sale executed by Buyer;

(c) A certificate, dated the Closing Date, signed by an officer of Buyer, stating, solely in his or her capacity as such officer, that the conditions set forth in Sections 7.3.1 and 7.3.2 are satisfied;

(d) An opinion of Sherman & Howard L.L.C., counsel for Buyer, in substantially the form of EXHIBIT D; and

(e) Such other documents as Seller may reasonably request in connection with the transactions contemplated by this Agreement.

9. TERMINATION.

9.1. Events of Termination. This Agreement may be terminated and the transactions contemplated by this Agreement may be abandoned at any time prior to the Closing:

9.1.1. By the mutual written consent of Buyer and Seller;

9.1.2. By either party, upon written notice to the other party, if the transactions contemplated by this Agreement to take place at the Closing have not been consummated by the date which is 12 months after the date of this

Agreement, for any reason other than (i) a breach or default by such party in the performance of any of its obligations under this Agreement or (ii) the failure of any representation or warranty of such party to be accurate; or

9.1.3. By either party at any time upon written notice to the other, if the other is in material breach or default of any of its covenants, agreements or other obligations in this Agreement or in any Transaction Document and fails to cure such breach or default (a) within the 30-day period following such written notice or, (b) if such breach or default is incapable of being cured within such 30-day period and the defaulting party promptly initiates and diligently pursues such cure to completion upon receipt of such notice, within a reasonable period of time.

9.2. Liabilities in Event of Termination. If this Agreement is terminated pursuant to Section 9.1, all obligations of the parties under this Agreement will terminate except for the parties respective obligations under Section 6.21 and 11.18. Notwithstanding a party's right to pursue remedies for breach of contract upon termination of this Agreement in accordance with Section 9.1, no remedies for breaches of representations and warranties will be available if this Agreement is terminated pursuant to Section 9.1. Furthermore, if the Closing does not occur, no party will be liable for any incidental, consequential, exemplary, special, or punitive damages in connection with any claim for breach of this Agreement.

10. SURVIVAL OF REPRESENTATIONS AND WARRANTIES; INDEMNIFICATION.

10.1. Survival of Representations and Warranties. The representations and warranties of the parties in this Agreement and the Transaction Documents will survive the Closing until 15 months after the Closing Date, except that the representations and warranties relating to Taxes, ERISA and environmental matters will survive until 90 days after the expiration of the applicable statute of limitations and the representations and warranties relating to Seller's title to, and the absence of Encumbrances (other than Permitted Encumbrances) on, the Assets will survive indefinitely and will not be merged into or otherwise limited by any deed or other conveyance document. The applicable periods of survival of the representations and warranties prescribed by this Section 10.1 are referred to as the "Survival Period." The liabilities of the parties under their respective representations and warranties will expire as of the expiration of the applicable Survival Period; provided, however, that such expiration will not include, extend or apply to any representation or warranty, the breach of which has been asserted by a party in a written notice to the breaching party before such expiration. The covenants and agreements of the parties in this Agreement and the Transaction Documents will survive the Closing and will continue in full force and effect without limitation.

10.2. Indemnification by Seller. Following the Closing, Seller and Charter Parent jointly and severally, will indemnify, defend and hold harmless

Buyer and its shareholders and its and their respective Affiliates, and the shareholders, directors, officers, partners, members, employees, agents, successors and assigns of any of such Persons and any Person claiming by or through any of them, from and against all Losses of or to Buyer or any such other indemnified Person resulting from or arising out of (a) any breach of any representation or warranty made by Seller in this Agreement (without regard to any materiality or similar qualifications contained therein), (b) any breach of any covenant, agreement or obligation of Seller contained in this Agreement, and (c) any liability or obligation of Seller or relating to the Business not included in the Assumed Obligations and Liabilities.

10.3. Indemnification by Buyer. Following the Closing, Buyer will indemnify, defend and hold harmless Seller and Seller's shareholders, directors, officers, partners, members, employees, agents, successors and assigns, and any Person claiming by or through any of them, from and against all Losses of or to Seller or any such other indemnified Person resulting from or arising out of (a) any breach of any representation or warranty made by Buyer in this Agreement (without regard to any materiality or similar qualifications contained therein), (b) any breach of any covenant, agreement or obligation of Buyer contained in this Agreement, (c) the failure by Buyer to assume and perform the Assumed Obligations and Liabilities, and (d) if Buyer waives the condition to Closing contained in Section 7.2.4 that the Franchise Consent Ratio equal or exceed 90%, the transfer of Assets to Buyer without having obtained the scheduled Required Consents (or deemed consents) with respect to any Franchise; provided, however, in no event shall clause (d) hereof be interpreted to reduce Buyer's rights to recover with respect to any breaches by Seller of its representations, warranties or covenants.

10.4. Third Party Claims. Promptly after the receipt by any party of notice of any claim, action, suit or proceeding by any Person who is not a party to this Agreement (collectively, an "Action"), which Action is subject to indemnification under this Agreement, such party (the "Indemnified Party") will give reasonable written notice to the party from whom indemnification is claimed (the "Indemnifying Party"). The Indemnified Party will be entitled, at the sole expense and liability of the Indemnifying Party, to exercise full control of the defense, compromise or settlement of any such Action unless the Indemnifying Party, within a reasonable time after the giving of such notice by the Indemnified Party, (a) notifies the Indemnified Party in writing of the Indemnifying Party's intention to assume such defense, (b) agrees in writing to the Indemnified Party to assume and pay the Indemnified Party's losses resulting from such Action, and (c) retains legal counsel reasonably satisfactory to the Indemnified Party to conduct the defense of such Action. The other party will cooperate with the party assuming the defense, compromise or settlement of any such Action in accordance with this Agreement in any manner that such party reasonably may request. If the Indemnifying Party so assumes the defense of any such Action, the Indemnified Party will have the right to employ separate counsel and to participate in (but not control) the defense, compromise or

settlement of the Action, but the fees and expenses of such counsel will be at the expense of the Indemnified Party, unless (i) the Indemnifying Party has agreed to pay such fees and expenses, (ii) any relief other than the payment of money damages is sought against the Indemnified Party or (iii) the Indemnified Party has been advised by its counsel that there may be one or more defenses available to it which are different from or additional to those available to the Indemnifying Party, and in any such case that portion of the reasonable out of pocket fees and expenses of such separate counsel that are reasonably related to matters covered by the indemnity provided in this Section 10 will be paid by the Indemnifying Party, provided that the Indemnifying Party will not be obligated to pay the expenses of more than one separate counsel in each jurisdiction for each Indemnified Party so entitled to separate counsel. Expenses of counsel to the Indemnified Party will be reimbursed on a current basis by the Indemnifying Party if such expenses are a liability of the Indemnifying Party and if there is no dispute as to the applicability of indemnification. No Indemnified Party will settle or compromise any such Action for which it is entitled to indemnification under this Agreement without the prior written consent of the Indemnifying Party (not to be unreasonably withheld), unless the Indemnifying Party has failed, after reasonable notice, to undertake control of such Action in the manner provided in this Section 10.4. No Indemnifying Party will settle or compromise any such Action without the prior written consent of the Indemnified Party (not to be unreasonably withheld); provided, however, in any Action (i) in which any relief other than the payment of money damages is sought against any Indemnified Party or (ii) in the case of any Action relating to the Indemnified Party's liability for any Tax, if the effect of such settlement would be an increase in the liability of the Indemnified Party for the payment of any Tax for any period beginning after the Closing Date, the consent of the Indemnified Party may be withheld by the Indemnified Party in its sole and absolute discretion.

10.5. Limitations on Indemnification - Seller. Seller and Charter Parent will not be liable, in the aggregate, for indemnification arising under Section 10.2(a) for any Losses of or to Buyer or any other person entitled to indemnification from Seller or Charter Parent unless the amount of such Losses for which Seller and Charter Parent would, but for the provisions of this Section 10.5, be liable plus the amounts for which Seller's Affiliates would be liable under Section 10.2(a) of the Related Agreement (disregarding the provisions of Section 10.5 of the Related Agreement) exceeds, on an aggregate basis, $1,250,000 (one million, two hundred fifty thousand) (the "Threshold Amount,") provided that in determining whether the Threshold Amount has been exceeded, there will not be included any Losses arising from any single claim that is less than $10,000. If the Threshold Amount is exceeded, Seller and Charter Parent will be liable, jointly and severally, for the full amount of all Losses (including any single claims for Losses of less than $10,000), which amount will be due and payable within 15 days after the later of (a) the date Seller receives a statement therefor and (b) the date an Action with respect to such Losses is settled or decided in accordance with Section 10.4. Neither Seller nor Charter Parent will be liable for punitive damages assessed for Buyer's conduct. The maximum

aggregate amount that Seller and its Affiliates (including Charter Parent) will be required to pay for indemnification arising under Section 10.2(a) of this Agreement and Section 10.2(a) of the Related Agreement in respect of all claims by all indemnified parties is $24,900,000 (twenty four million, nine hundred thousand dollars). Notwithstanding the preceding, neither the minimum nor maximum limits specified in this Section 10.5 will apply to: (i) the obligation to pay post-Closing adjustments pursuant to Section 3.3; (ii) Seller's breach of its representations and warranties that it has title to, and the absence of Encumbrances (other than Permitted Encumbrances) on, the Assets owned by Seller; or (iii) any indemnification claims pursuant to Section 10.2(b) or 10.2(c), irrespective of whether such claims also constitute claims under Section 10.2(a)).

10.6. Limitations on Indemnification - Buyer. Buyer will not be liable for indemnification arising under Section 10.3(a) for any Losses of or to Seller or any other person entitled to indemnification from Buyer unless the amount of such Losses for which Buyer would, but for the provisions of this Section 10.6, be liable plus the amounts for which Buyer's Affiliates would be liable under Section 10.3(a) of the Related Agreement (disregarding the provisions of Section 10.6 of the Related Agreement) exceeds, on an aggregate basis, the Threshold Amount, provided that in determining whether the Threshold Amount has been exceeded, there will not be included any Losses arising from any single claim that is less than $10,000 in the aggregate. If the Threshold Amount is exceeded, Seller will be liable for the full amount of all Losses (including any single claims for Losses of less than $10,000), which amount will be due and payable within 15 days after the later of (a) the date Buyer receives a statement therefor and (b) the date an Action with respect to such Losses is settled or decided in accordance with section 10.4. Buyer will not be liable for punitive damages assessed for Seller's conduct. The maximum aggregate amount that Buyer and its Affiliates will be required to pay for indemnification arising under Section 10.3(a) of this Agreement in respect of all claims by all indemnified parties is $24,900,000 (twenty four million, nine hundred thousand dollars). Notwithstanding the preceding, neither the minimum nor maximum limits specified in this Section 10.6 will apply to: (i) the obligation to pay the Purchase Price, as adjusted; (ii) the obligation to pay post-Closing adjustments pursuant to Section 3.3; (iii) Buyer's obligation to assume and perform the Assumed Obligations and Liabilities; or (iv) any indemnification claims pursuant to Section 10.3(b), 10.3(c) or 10.3(d), irrespective of whether such claims also constitute claims under Section 10.3(a)).

10.7. Sole Remedy. Each party acknowledges and agrees that, should the Closing occur, its sole and exclusive remedy against the other with respect to any breach of representation, warranty, covenant, agreement or obligation (other than any claim based on fraud or intentional tort) will be pursuant to the indemnification provisions set forth in this Section 10.

10.8. Treatment of Indemnity and Other Payments. All indemnity and other payments made under this Agreement will be treated for all Tax purposes as adjustments to the Purchase Price.

11. MISCELLANEOUS.

11.1. Parties Obligated and Benefited. Subject to the limitations set forth below, this Agreement will be binding upon the parties and their respective permitted assigns and successors in interest and will inure solely to the benefit of the parties and their respective permitted assigns and successors in interest, and no other Person will be entitled to any of the benefits conferred by this Agreement. Without the prior written consent of the other party, no party will assign any of its rights under this Agreement or delegate any of its duties under this Agreement.

11.2. Notices. Any notice, request, demand, waiver or other communication required or permitted to be given under this Agreement will be in writing and will be deemed to have been duly given only if delivered in person or by first class, prepaid, certified mail, or sent by courier or, if receipt is confirmed, by telecopier:

To Seller at: c/o Charter Communications, Inc.
12444 Powerscourt Drive, Suite 100
St. Louis, Missouri 63124
Attention: Curtis S. Shaw, Esq.
Senior Vice President, General Counsel
& Secretary
Fax: (314) 965-8793

With a copy (which will not constitute notice) to:

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

To Buyer at: c/o AT&T Broadband, LLC
188 Inverness Drive West
Englewood, Colorado 80112
Attention: Alfredo Di Blasio
Fax: (303) 858-3456

With a copy similarly addressed to the attention of Karla Tartz, Esq., Fax: (303) 858-3487.

With a copy (which will not constitute notice) to:

Sherman & Howard, L.L.C.
633 Seventeenth Street
Suite 3000
Denver, Colorado 80202
Attention: Gregory J. Ramos, Esq.
Fax: (303) 298-0940

Any party may change the address to which notices are required to be sent by giving notice of such change in the manner provided in this Section 11.2. All notices will be deemed to have been received on the date of actual receipt.

11.3. Attorneys' Fees. In the event of any action or suit based upon or arising out of this Agreement, the prevailing party will be entitled to recover reasonable attorneys' fees and other costs of such action or suit from the other party.

11.4. Right to Specific Performance. The parties acknowledge that the unique nature of the transaction contemplated by this Agreement renders money damages an inadequate remedy for the breach by either party of its obligations under this Agreement, and each party agrees that in the event of such breach, the non-breaching party will, upon proper action instituted by it, be entitled to seek a decree of specific performance of this Agreement.

11.5. Disclaimer of Warranty. Buyer and Seller agree that the representations and warranties of Seller contained in this Agreement and the Transaction Documents constitute the sole representations and warranties of Seller to Buyer in connection with the transaction contemplated hereby. BUYER ACKNOWLEDGES THAT EXCEPT AS SET FORTH IN THIS AGREEMENT OR IN THE TRANSACTION DOCUMENTS, SELLER DISCLAIMS ANY REPRESENTATION OR WARRANTY OF MERCHANTABILITY, USAGE, SUITABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE WITH RESPECT TO THE ASSETS OR ANY PART THEREOF.

11.6. Waiver. This Agreement or any of its provisions may not be waived except in writing. The failure of any party to enforce any right arising under this Agreement on one or more occasions will not operate as a waiver of that or any other right on that or any other occasion.

11.7. Captions. The captions of this Agreement are for convenience only and do not constitute a part of this Agreement.

11.8. Choice of Law. THIS AGREEMENT AND THE RIGHTS OF THE PARTIES UNDER IT WILL BE GOVERNED BY AND CONSTRUED IN ALL RESPECTS IN ACCORDANCE WITH THE LAWS OF THE STATE OF DELAWARE, WITHOUT REGARD TO THE CONFLICTS OF LAWS RULES OF DELAWARE.

11.9. Terms. Terms used with initial capital letters will have the meanings specified, applicable to both singular and plural forms, for all purposes of this Agreement. The word "include" and derivatives of that word are used in this Agreement in an illustrative sense rather than limiting sense. Whenever the context may require, any pronoun will include the corresponding masculine, feminine and neuter forms. All references herein to Articles, Sections, Exhibits and Schedules will be deemed to be references to Articles and Sections of, and Exhibits and Schedules to, this Agreement unless the context will otherwise require. All Exhibits and Schedules attached hereto will be deemed incorporated herein as if set forth in full herein and, unless otherwise defined therein, all terms used in any Exhibit or Schedule will have the meaning ascribed to such term in this Agreement. The words "hereof," "herein" and "hereunder" and words of similar import when used in this Agreement will refer to this Agreement as a whole and not to any particular provision of this Agreement. Unless otherwise expressly provided herein, any agreement, instrument or statute defined or referred to herein or in any agreement or instrument that is referred to herein means such agreement, instrument or statute as from time to time amended, modified or supplemented, including (in the case of agreements or instruments) by waiver or consent and (in the case of statutes) by succession of comparable successor statutes and references to all attachments thereto and instruments incorporated therein. All accounting terms not otherwise defined in this Agreement will have the same meanings ascribed to them under generally acceptable accounting principles as in effect from time to time in the United States, consistently applied.

11.10. Rights Cumulative. Subject to the limitations set forth in Section 10.7, all rights and remedies of each of the parties under this Agreement will be cumulative, and the exercise of one or more rights or remedies will not preclude the exercise of any other right or remedy available under this Agreement or applicable law.

11.11. Further Actions. Seller and Buyer will execute and deliver to the other, from time to time at or after the Closing, for no additional consideration and at no additional cost to the requesting party, such further assignments, certificates, instruments, records, or other documents, assurances or things as may be reasonably necessary to give full effect to this Agreement and to allow each party fully to enjoy and exercise the rights accorded and acquired by it under this Agreement. Seller will, upon Buyer's request given at any time after the Closing through the date that is 15 months following the Closing, provide Buyer with a duly executed assignment in recordable form for each Real Property lease assigned to Buyer at Closing pursuant to the Bill of Sale, which lease is, or as to which a memorandum of lease is, recorded in the applicable public real property records.

11.12. Time. Time is of the essence under this Agreement. If the last day permitted for giving of any notice or the performance of any act required or permitted under this Agreement falls on a day which is not a Business Day, the

time for the giving of such notice or the performance of such act will be extended to the next succeeding Business Day.

11.13. Late Payments. If either party fails to pay the other any amounts when due under this Agreement, the amounts due will bear interest from the due date to the date of payment at the annual rate publicly announced from time to time by The Bank of New York as its prime rate (the "Prime Rate") plus 3%, adjusted as and when changes in the Prime Rate are made.

11.14. Counterparts. This Agreement may be executed in counterparts, each of which will be deemed an original. This Agreement will become binding when one or more counterparts, individually or taken together, bear the signatures of all parties to this Agreement. Delivery of an executed signature page of this Agreement by facsimile transmission will constitute effective and binding execution and delivery of this Agreement.

11.15. Entire Agreement. This Agreement (including the Schedules and Exhibits referred to in this Agreement, which are incorporated in and constitute a part of this Agreement), other Agreements entered into by Buyer, Seller and their respective Affiliates as of the date of this Agreement, and the Transaction Documents contain the entire agreement of the parties with respect to the subject matter hereof and supersede all prior oral or written agreements and understandings with respect to the subject matter. This Agreement may not be amended or modified except by a writing signed by the parties.

11.16. Severability. Any term or provision of this Agreement which is invalid or unenforceable will be ineffective to the extent of such invalidity or unenforceability without rendering invalid or unenforceable the remaining rights of the Person intended to be benefited by such provision or any other provisions of this Agreement.

11.17. Construction. This Agreement has been negotiated by Buyer and Seller 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 will not apply in any construction or interpretation of this Agreement.

11.18. Expenses. Except as otherwise expressly provided in this Agreement, each party will pay all of its expenses, including attorneys' and accountants' fees, in connection with the negotiation of this Agreement, the performance of its obligations and the consummation of the transactions contemplated by this Agreement.

11.19. Commercially Reasonable Efforts. For purposes of this Agreement, unless a different standard is expressly provided with respect to any particular matter, any requirement herein that a party use "commercially reasonable efforts" will not be deemed to require that party to undertake extraordinary measures,

including the initiation or prosecution of legal proceedings or the payment of amounts in excess of normal and usual filing fees and processing fees, if any.

11.20. Guaranty and Suretyship Matters. Charter Parent acknowledges that, notwithstanding that it is not a party to this Agreement (other than with respect to Article 10), it will receive, in connection with the consummation of the transactions contemplated by this Agreement, fair and adequate consideration for its indemnification obligations under this Agreement, Charter Parent therefore agrees that it will be deemed for all purposes to be a primary obligor under each of such obligations, and not a guarantor or surety. Notwithstanding the foregoing, to the extent that any of the covenants or agreements in this Agreement are determined by a court of competent jurisdiction to be a guaranty (in such case, the "Guaranty") by Charter Parent of indemnity obligations (in such case, the "Guaranteed Obligations") of any other person or entity (in such case the "Underlying Obligor"), then, such Guaranty will be continuing, absolute and unconditional (subject only to the applicable terms and conditions of this Agreement) and, to the maximum extent permitted by applicable law, Charter Parent hereby:

11.20.1. Authorizes any beneficiary of such Guaranty (the "Beneficiary"), from time to time in such Beneficiary's sole discretion, and without notice to or demand upon Charter Parent (i) to amend, extend, waive, restructure or otherwise modify the Guaranteed Obligations in whole or in part, (ii) to release, compromise, collect, settle or otherwise liquidate the Guaranteed Obligations in whole or part, (iii) to take, hold, exchange, enforce, waive, release and otherwise deal with collateral for the Guaranteed Obligations, and (iv) to add, release or substitute any one or more endorser(s) or other guarantor(s) for the Guaranteed Obligations.

11.20.2. Agrees that: (i) if any one or more of the foregoing actions are taken; (ii) if there is any change in the structure or existence of the Underlying Obligor; or (iii) if there occurs any other action, event or circumstance whatsoever which constitutes or might be deemed to constitute an equitable or legal discharge of an Underlying Obligor with respect to the Guaranteed Obligations or of Charter Parent with respect to the Guaranty or the Guaranteed Obligations, whether in bankruptcy or otherwise; then (in the case of each of (i), (ii) and (iii)), such action, event or circumstance shall not impair, reduce, release or otherwise mitigate Charter Parent's liability under the Guaranty;

11.20.3. Waives its rights to assert against any Beneficiary as a defense (legal or equitable), setoff, counterclaim or cross-claim in connection with the Guaranty, any defense (legal or equitable), setoff, counterclaim or cross-claim Charter Parent may now or in the future have against the Underlying Obligor or any other person or entity;

11.20.4. Waives all defenses, counterclaims and setoffs arising from the present or future lack of perfection, sufficiency, validity or enforceability of the Guaranteed Obligations or any security therefor or documents relating thereto;

11.20.5. Waives any defense arising by reason of any claim or defense based upon an election of remedies by a Beneficiary;

11.20.6. Waives all notices of acceptance, presentments, demand for performance, protests, diligence, notices of nonperformance or default, and all other notices or formalities which Charter Parent may otherwise be entitled to under applicable law;

11.20.7. Waives all rights to require a Beneficiary to prosecute or seek enforcement of any remedies against an Underlying Obligor or any other person or entity liable on account of the Guaranteed Obligations, or to require a Beneficiary to seek to enforce or resort to any remedies with respect to any security interests, liens, encumbrances, collateral or other security for the Guaranteed Obligations; and

11.20.8. Agrees that Charter Parent will have no right of subrogation, reimbursement, exoneration or contribution against the Underlying Obligor with respect to the Guaranty, and irrevocably waives any such rights and any rights to participate in any security now or hereafter held by a Beneficiary in connection with the Guaranteed Obligations.

[SIGNATURE PAGE FOLLOWS]

The parties have executed this Agreement as of the day and year first above written.

CHARTER COMMUNICATIONS, INC.

/s/ Curtis S. Shaw

By: Curtis S. Shaw
Its: Senior Vice President

INTERLINK COMMUNICATIONS PARTNERS, LLC

/s/ Curtis S. Shaw

By: Curtis S. Shaw
Its: Senior Vice President

CHARTER COMMUNICATIONS, LLC

/s/ Curtis S. Shaw

By: Curtis S. Shaw
Its: Senior Vice President

FALCON CABLE MEDIA, a California limited partnership

By its Managing General Partner
Falcon Media Investors Group, a California limited partnership

By its general partner
Falcon Cable Communications, LLC, a Delaware limited liability company

/s/ Curtis S. Shaw

By: Curtis S. Shaw
Its: Senior Vice President

TCI CABLEVISION OF MISSOURI, INC.

TCI CABLE PARTNERS OF ST. LOUIS, L.P.

By: Heritage Cablevision of
Massachusetts, Inc.
Its: General Partner

/s/ Alfredo Di Blasio

Each By: Alfredo Di Blasio
Its: Authorized Signatory

EXHIBIT 2.14(f)
CONFORMED COPY

ASSET PURCHASE AGREEMENT

AMONG

CHARTER COMMUNICATIONS ENTERTAINMENT I, LLC

A DELAWARE LIMITED LIABILITY COMPANY

AND

ST. LOUIS TELE-COMMUNICATIONS, INC., A MISSOURI CORPORATION

TCI CABLE PARTNERS OF ST. LOUIS, L.P., A COLORADO LIMITED PARTNERSHIP

TCI CABLEVISION OF MISSOURI, INC., A MISSOURI CORPORATION

TCI OF ILLINOIS, INC., AN ILLINOIS CORPORATION

TCI TKR OF CENTRAL FLORIDA, INC., A FLORIDA CORPORATION AND

TCI HOLDINGS, INC., A DELAWARE CORPORATION

ON THE OTHER HAND

DATED AS OF

FEBRUARY 26, 2001

TABLE OF CONTENTS

LIST OF EXHIBITS AND SCHEDULES

ASSET PURCHASE AGREEMENT

This Asset Purchase Agreement ("Agreement") is made as of the 26th day of February, 2001, by and among TCI Holdings, Inc. ("TCI Parent") and the Affiliates of AT&T whose names appear on the signature page of this Agreement (collectively, "Seller"), and Charter Communications Entertainment I, LLC, a Delaware limited liability company ("Buyer").

RECITALS

A. The parties desire to effect the transfer of substantially all of the assets of the Business (as defined below) owned by Seller to Buyer for cash.

B. The purpose of this Agreement is to set forth the definitive terms upon which such transfer will take place.

AGREEMENTS

In consideration of the above recitals and the mutual agreements stated in this Agreement, the parties agree as follows:

1. DEFINITIONS.

In addition to terms defined elsewhere in this Agreement, the following capitalized terms, when used in this Agreement, will have the meanings set forth below:

1.1. 1992 Cable Act. The Cable Television Consumer Protection and Competition Act of 1992, as amended, and the FCC rules and regulations promulgated thereunder.

1.2. Affiliate. 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. For purposes of this Agreement, At Home Corporation and its subsidiaries and Liberty Media Corporation and its subsidiaries, Teleport Communications Group Inc. and its subsidiaries and AT&T Network Services, an operating division of AT&T Corp. (collectively with Teleport Communications Group Inc. and its subsidiaries "TCG") will not be treated as Affiliates of Seller.

1.3. Assets. All assets, properties, privileges, contracts, licenses, permits, franchises, authorizations, rights, interests, claims and other properties, real and personal, tangible and intangible, of every type and description (a) that are owned, leased, held for use or used in the Business, and (b) in which Seller

or any of its Affiliates has any right, title or interest or in which Seller or any of its Affiliates acquires any right, title or interest on or before the Closing Time. The Assets include the Franchises, Licenses, Intangibles, Contracts, Equipment (including Equipment used by AT&T Broadband Network Solutions, Inc. ("NSI"), solely in connection with the provision of services associated with the Systems or reflected in the Financial Statements, including under the Contracts between NSI and Third Parties listed on SCHEDULE 4.6), Books and Records, Real Property and deposits relating to the Business that are held by Third Parties for the account of Seller or for security for Seller's performance of its obligations, but excluding any Excluded Assets and any assets disposed of prior to the Closing Date in the ordinary course of business and not in violation of this Agreement.

1.4. AT&T. AT&T Broadband, LLC, a Delaware limited liability company.

1.5. Basic Services. The lowest tier of service offered to subscribers of a System.

1.6. Books and Records. All engineering records, files, data, drawings, blueprints, schematics, as-built System maps, reports, lists, title policies and title reports, plans, surveys, procedures and processes and all other files of correspondence, lists, records, agreements, amendments, notices, consents and reports to the extent concerning the Assets or the Business, including subscribers and prospective subscribers of the Systems, signal and program carriage and dealings with Governmental Authorities with respect to the Systems, including all reports filed with respect to the Systems by or on behalf of Seller or any of its Affiliates with the FCC and statements of account filed with respect to the Systems by or on behalf of Seller or any of its Affiliates with the U.S. Copyright Office, but excluding all corporate records, all financial and tax records not solely related to the operation of the Systems, and all documents, reports and records relating to any of the System Employees.

1.7. Business. The cable television business and other revenue-generating businesses and operations relating to the Systems that are conducted by Seller or any of its Affiliates through the Systems but excluding the local exchange telephony business of Seller operated in the AT&T Systems.

1.8. Business Day. Any day other than Saturday, Sunday or a day on which banking institutions in Denver, Colorado or New York, New York are required or authorized to be closed.

1.9. Closing. The consummation of the transactions contemplated by this Agreement, as described in Section 8.

1.10. Closing Date. The date on which the Closing occurs.

1.11. Closing Time. 11:59 p.m., local time at the location of the Assets, as applicable, on the Closing Date.

1.12. Communications Act. The Communications Act of 1934, as amended, and the rules and regulations of the FCC promulgated thereunder and currently in effect. Section 626 of the Communications Act refers to 47 U.S.C. section 546.

1.13. Contracts. All contracts, bonds, indentures, leases, notes, certificates, options, warrants, rights and other instruments, documents, obligations and agreements (in each case, other than Franchises, Licenses and those relating to Real Property), whether written or oral, to which Seller or any of its Affiliates is a party and which relate to the operation of the Business, including the lease agreements for Equipment, pole attachment agreements, underground conduit agreements, retransmission consent agreements, and multiple dwelling bulk billing or commercial service agreements.

1.14. Encumbrance. Any mortgage, lien, security interest, security agreement, conditional sale or other title retention agreement, consignment or bailment given for purposes of security, indenture, pledge, option, encumbrance, deed of trust, constructive trust or other trust, claim, attachment, charge, assessment, restriction on transfer or any exception to or defect in title or other ownership (legal or equitable) interest (including reservations, rights of way, possibilities of reverter, encroachments, protrusions, easements, rights of entry, rights of first refusal, rights of first offering, restrictive covenants, conditions, leases and licenses) of any kind, which constitutes an interest in property, whether arising pursuant to any Legal Requirement, License, Franchise, Contract or otherwise.

1.15. Environmental Law. Any applicable Legal Requirement relating to pollution or governing the protection of the environment, including CERCLA, OSHA, and RCRA and including Legal Requirements relating to emissions, discharges, releases or threatened releases of Hazardous Substances into the environment (including ambient air, surface water, ground water or land) or otherwise relating to the manufacture, processing, distribution, use, treatment, storage, disposal, transport, handling or presence of Hazardous Substances.

1.16. Equipment. All electronic devices, trunk and distribution coaxial and optical fiber cable, headend amplifiers, line amplifiers, drops, power supplies, conduit, vaults and pedestals, grounding and pole hardware, towers (other than towers on owned Real Property which are fixtures thereon and a part thereof), tower equipment, distribution systems, microwave equipment, subscriber's devices (including converters, encoders, transformers behind television sets and fittings), headend hardware (including origination, earth stations, transmission and distribution system), test equipment, vehicles, office equipment, computers and billing equipment, furniture, fixtures, supplies,

inventory and other tangible personal property owned or leased by Seller or any of its Affiliates and used in the Business.

1.17. Equivalent Basic Subscribers (or EBSs). As of any date of determination and for each Service Area served by a System, the sum of (a) the total number of private residential customer accounts that are billed by individual unit for at least Basic Services (regardless of whether such accounts are in single-family homes or in individually billed units in apartment buildings or other multi-unit buildings), but exclusive of "second connects" and "additional outlets" as such terms are commonly understood in the cable television industry; and (b) the quotient of (i) the total monthly billings for sales of Basic Services and Expanded Basic Services by such System for such Service Area during the most recent billing period ended prior to the date of calculation to commercial, bulk-billed and other accounts not billed by individual unit (whether on a discounted or non-discounted basis), but excluding billings in excess of a single month's charges for any account, divided by (ii) the standard monthly combined rate (without discount of any kind) charged by such System for such Service Area to individually billed subscribers for Basic Services and Expanded Basic Services offered by such System in effect during such billing period. For purposes of calculating the number of EBSs, there will be excluded: (A) all accounts billed by individual unit that are, and all billings to any commercial, bulk-billed and other accounts not billed by individual unit that are, more than 60 days past due in the payment of any amount in excess of the lesser of $7.50 or the standard rate charged for Basic Services at the time of determination; (B) any accounts billed by individual unit and all commercial, bulk-billed and other accounts not billed by individual unit that, as of the date of calculation, have not paid in full the charges for at least one full month of the subscribed service; (C) that portion of the billings to all accounts billed by individual unit included in clause (b) above and any commercial bulk-billed and other accounts not billed by individual unit representing an installation or other non-recurring charge, a charge for equipment or for any outlet or connection other than the first outlet or first connection in any individually billed unit or, with respect to a bulk account, in any residential unit (e.g., an individual apartment or rental unit), a charge for any tiered service other than Expanded Basic Services (whether or not included within Pay TV), any charge for Pay TV or a pass-through charge for sales Taxes, line-itemized franchise fees, fees charged by the FCC and the like; (D) any individually billed unit and all billings to any commercial, bulk-billed and other accounts not billed by individual unit whose service is pending disconnection for any reason; (E) any individually billed unit and all billings to any commercial, bulk-billed and other accounts not billed by individual unit that was solicited within the 60-day period preceding the Closing Date to purchase such services by promotions or offers of discounts other than those ordinarily made by Seller; and (F) any account for which Basic Services are provided free of charge.

1.18. Excluded Assets. All:

1.18.1. Programming Contracts (including music programming Contracts and Contracts with Starz!/Encore), cable guide Contracts (including TV Guide and interactive programming guide Contracts), and Contracts to which other cable systems of Seller or its Affiliates are subject (including the NCE Agreement, Contracts between Seller and its Affiliate and NSI, master retransmission consent Contracts, master billing Contracts and master multiple dwelling unit Contracts (but not any subordinate multiple dwelling unit Contracts that incorporate the terms of such Master Contracts by reference)), other than any such Contracts (or interests therein) listed on SCHEDULE 4.6;

1.18.2. Seller Plans (as defined in Section 4.15.2) and any cash, reserve, trust or funding arrangement held or set aside for the payment of benefits under such Seller Plans;

1.18.3. Insurance policies and rights and claims under insurance policies (except as otherwise provided in Section 6.9);

1.18.4. Bonds, letters of credit, surety instruments and other similar items;

1.18.5. Except for petty cash to the extent transferred to Buyer, cash and cash equivalents, including cash relating to subscriber prepayments and deposits, and notes receivable;

1.18.6. Subject to Buyer's rights under Section 6.12, trademarks, trade names, service marks, service names, logos, patents, copyrights and other intellectual property or proprietary rights of Seller or any of its Affiliates, except for software which is not an Excluded Asset under Section 1.18.14;

1.18.7. Subscriber billing Contracts and related equipment if not owned by Seller or any of its Affiliates;

1.18.8. Assets, rights and properties of Seller or its Affiliates, or TCG used or held for use other than primarily in connection with the Business; provided, however, notwithstanding the foregoing, Assets which produce revenues that are set forth on the Financial Statements will not constitute Excluded Assets pursuant to this Section 1.18.8;

1.18.9. Except (a) accounts receivable and (b) any other claim, right or interest to the extent reflected in the adjustment to the Purchase Price determined pursuant to Section 3.2, all claims, rights and interests in and to any refunds of, or amounts credited against, Taxes or fees of any nature, including franchise and copyright fees, or any other claims against Third Parties, relating to the operation of the Systems prior to the Closing Time;

1.18.10. Except as set forth on SCHEDULE 4.6, any employment, compensation, bonus, deferred compensation, consulting, collective bargaining agreements, agency or management Contracts;

1.18.11. All Business documents and records not included in the Books and Records (provided that copies of personnel files will be made available to Buyer for a period of three years after the Closing Date upon reasonable request by Buyer accompanied by a waiver and release from the employee whose records are sought in form and substance reasonably satisfactory to Seller);

1.18.12. Capital and vehicle leases;

1.18.13. Advertising sales agency or representation Contracts providing any Third Party or Affiliate of Seller the right to sell available advertising time for a System (including any Contract with National Cable Communications or Cable Networks, Inc.), other than any such Contract disclosed on SCHEDULE 4.6;

1.18.14. Proprietary software of Seller or its Affiliates and licenses relating to Third Party software and maintenance agreements with respect thereto, other than transferable licenses relating to Third Party software installed on computers included in the Assets;

1.18.15. Contracts for Internet access or on-line service arrangements that provide to any Third Party or Affiliate of Seller the right to use the transmission capacity of a System to provide Internet access or other on-line services over such System, other than those disclosed on SCHEDULE 4.6;

1.18.16. Contracts and related accounts receivable for providing DMX service to commercial accounts via direct broadcast satellite;

1.18.17. Contracts for telephony services to be provided to subscribers of the Systems through the Assets;

1.18.18. Contracts with TCG not disclosed on Schedule 4.6 to this Agreement;

1.18.19. Intercompany receivables;

1.18.20. Except as set forth on SCHEDULE 4.6, all retransmission consents and must carry agreements; and

1.18.21. The assets specifically disclosed on SCHEDULE 1.18.

1.19. Expanded Basic Service. Any video programming provided over a System, regardless of service tier, other than Basic Services, any new product tier and Pay TV.

1.20. FCC. The Federal Communications Commission and any successor Governmental Authority.

1.21. Franchises. The franchises, permits and similar authorizations included among the Assets (other than Licenses) described on SCHEDULE 4.5, and all rights and benefits of Seller and its Affiliates pertaining thereto, including the rights and benefits arising under Section 626 of the Communications Act to the extent applicable to Franchises.

1.22. GAAP. Generally accepted accounting principles as in effect from time to time in the United States of America.

1.23. Governmental Authority. (a) The United States of America; (b) any state, commonwealth, territory or possession of the United States of America and any political subdivision thereof (including counties, municipalities and the like); or (c) any agency, authority or instrumentality of any of the foregoing, including any court, tribunal, department, bureau, commission, board or quasi-governmental authority.

1.24. Hazardous Substances. Any pollutant, contaminant, chemical, industrial, toxic, hazardous or noxious substance or waste which is regulated by a Governmental Authority, including (a) any petroleum or petroleum compounds (refined or crude), flammable substances, explosives, radioactive materials or any other materials or pollutants; (b) any "hazardous waste" as defined by the Resource Conservation and Recovery Act of 1976 (RCRA) (42 U.S.C. Sections 6901 et seq.), as amended, and the rules and regulations promulgated thereunder; (c) any "hazardous substance" as defined by the Comprehensive Environmental Response, Compensation and Liability Act of 1980 (42 U.S.C. Sections 9601 et seq.) (CERCLA), as amended, and the rules and regulations promulgated thereunder; (d) any substance regulated by the Toxic Substances Control Act (TSCA) (42 U.S.C. Sections 2601 et seq.), or the Federal Insecticide, Fungicide and Rodenticide Act (FIFRA) (7 U.S.C. Sections 136 et seq.), each as amended, and the rules and regulations promulgated thereunder; (e) asbestos or asbestos-containing material of any kind or character; (f) polychlorinated biphenyls; (g) any substances regulated under the provisions of Subtitle I of RCRA relating to underground storage tanks; and (h) any materials or substances designated as "hazardous substances" pursuant to the Clean Water Act (33 U.S.C. Sec. 1251 et seq.); (i) any substance the presence, use, handling, treatment, storage or disposal of which is regulated or prohibited by any Environmental Law (j) any other substance which by any Environmental Law requires special handling, reporting or notification of any Governmental Authority in its collection, storage, use, treatment or disposal or (k) any other substance which is regulated by or pursuant to any Environmental Law.

1.25. Intangibles. Subscriber lists, accounts receivable, claims (excluding any claims relating to Excluded Assets), goodwill, if any, and any other intangible asset owned or held by Seller and used in the Business.

1.26. Knowledge. The actual knowledge of a particular matter of (a) one or more of the principal corporate personnel of Seller involved in the transactions contemplated by this Agreement, including Alfredo Di Blasio, Dan Buchanan, Karla Tartz and Tom Hopfinger, or (b) any of the general managers (or holders of positions of equivalent responsibility) of the Systems.

1.27. Legal Requirement. Any statute, ordinance, code, law, rule, regulation, permit, approval, order or other written requirement, standard or procedure enacted, adopted or applied by any Governmental Authority, including any judgment, writ, order, injunction, award or decree of any court, judge, justice or magistrate, including any bankruptcy court or judge or the arbitrator in any binding arbitration.

1.28. Licenses. The intangible cable television channel distribution rights, cable television relay service ("CARS"), business radio and other licenses, earth station registrations, authorizations, consents or permits issued by the FCC or any other Governmental Authority and related to the Business, including material state and local business licenses, including those described on SCHEDULE 4.5 (other than the Franchises) and all rights and benefits of Seller and its Affiliates pertaining thereto.

1.29. Losses. Any claims, losses, liabilities, damages, penalties, costs and expenses, including interest that may be imposed in connection therewith, expenses of investigation, reasonable fees and disbursements of counsel and other experts and settlement costs.

1.30. Material Adverse Effect. A material adverse effect on the Assets, the Business, the operations, condition (financial or otherwise) or results of operations of the Systems taken as a whole, or on the ability of Seller to perform its obligations under this Agreement, but without taking into account any effect resulting from (i) changes in conditions (including economic conditions, changes in FCC regulations or federal governmental actions, legislation or regulations) that are applicable to the economy or the cable television industry on a national basis, (ii) any changes in technology affecting the Business, or (iii) any competition from the direct broadcast satellite industry.

1.31. MVPD. A distributor of cable television services, multichannel multi-point distribution service, direct broadcast satellite service or television receive only satellite programming, who makes available for purchase, by subscribers or customers, multiple channels of video programming, other than Persons distributing such services only to multiple dwelling unit or other commercial customers (including hotels, motels, resorts, hospitals, dormitories, prisons, restaurants, bars and similar establishments).

1.32. Pay TV. Premium programming services selected by and sold to subscribers of the Systems on an a la carte basis for fees in addition to the fee for Basic Services or Expanded Basic Services.

1.33. Permitted Encumbrances. The following Encumbrances: (a) liens for Taxes, assessments and governmental charges not yet due and payable; (b) zoning laws and ordinances and similar Legal Requirements; (c) any right reserved to any Governmental Authority to regulate the affected property (including restrictions stated in the Franchises and Licenses); (d) in the case of any leased Asset, (i) the rights of any lessor and (ii) any Encumbrance granted by any lessor of such leased Asset; (e) inchoate materialmens', mechanics', workmen's, repairmen's or other like inchoate Encumbrances arising in the ordinary course of business which constitute Assumed Obligations and Liabilities; (f) in the case of owned Real Property, any easements, rights-of-way, servitudes, permits, restrictions and minor imperfections or irregularities in title which do not individually or in the aggregate materially interfere with the right or ability to use, own, enjoy or operate the Real Property as currently being used and which do not impair the value of the Real Property or interfere with Seller's ability or right to convey good, marketable and indefeasible fee simple title to the owned Real Property (or in the case of leased or other Real Property, the right to convey such leasehold or other interest); (g) any Encumbrance (other than an Encumbrance securing a monetary obligation) that does not individually or in the aggregate interfere with the continued use of the Assets subject thereto in the operation of the Business as currently being used; and (h) those Encumbrances disclosed on SCHEDULE 1.33.

1.34. Person. Any natural person, corporation, partnership, trust, unincorporated organization, association, limited liability company, Governmental Authority or other entity.

1.35. Real Property. The Assets owned or leased by Seller or any of its Affiliates and used or useful in the Business consisting of realty, including appurtenances, improvements (including towers and headend storage buildings) and fixtures located on such realty, and any other interests in real property, including fee interests, leasehold interests and easements, rights of access, licenses, wire crossing permits, rights of entry (but not including interests in real property granted in Contracts in connection with services provided by Seller to the residents or occupants of such real property, including access and service Contracts with the owners of multiple dwelling unit complexes), options and rights of first refusal.

1.36. Required Consents. All authorizations, approvals and consents required under or in connection with any Legal Requirement or under any Assets, Franchises, Licenses, Real Property or Contracts required to be disclosed on SCHEDULE 4.6, for (a) Seller to transfer the Assets and the Business to Buyer, and (b) Buyer to conduct the Business and to own, lease, use and operate the Assets and Systems at the places and in the manner in which the Business is conducted and the Systems are operated as of the date of this Agreement and on the Closing Date.

1.37. Service Area. The municipalities and counties in and around which Seller operates the Systems and the Business, which are disclosed on SCHEDULE 1.39.

1.38. System Employees. All employees of Seller or of any Affiliate of Seller who are primarily engaged in the operation of the Business.

1.39. Systems. The cable television systems listed on SCHEDULE 1.39, which operate in and around the Service Area.

1.40. Taxes. All levies and assessments of any kind or nature imposed by any Governmental Authority, including all income, sales, use, offer, registration, ad valorem, value added, alternative or add-on minimum (including taxes under Section 59A of the Code), franchise, severance, net or gross proceeds, withholding, payroll, employment, social security (or similar), unemployment, disability, excise, real or personal property taxes and levies or assessments related to unclaimed property, together with any interest thereon and any penalties, additions to Tax or additional amounts applicable thereto, whether disputed or not.

1.41. Third Party. Any Person other than Seller or Buyer and their respective Affiliates.

1.42. Other Definitions. The following terms are defined in the Sections indicated:

Term	Section
Action	10.4
Agreement	preamble
Antitrust Division	6.7
Apportioned Obligations	6.10.2
Approved Leave of Absence	6.3.1
Assumed Obligations and Liabilities	2.2
AT&T Parent	preamble
Bill of Sale	8.2(a)
Buyer	preamble
Buyer's Welfare Plans	6.3.5
Code	8.2(e)
Disagreement Notice	3.3.1
ERISA	4.15.1
ERISA Affiliate	4.15.2
Escrow Agent	3.3.1
Escrow Amount	3.3.1
FAA	6.2.5(xv)
FCC Rate Forms	6.2.5(vii)

Term	Section
Final Adjustments Report	3.3.2
Financial Statements	4.11
Franchise Consent Ratio	7.2.4
FTC	6.7
HSR Act	6.7
Hired Employee	6.3.1
Indemnified Party	10.4
Indemnifying Party	10.4
NCE Agreement	6.3.7
NSI	1.3
Offer/No Offer Schedule	6.3.1
Preliminary Adjustments Report	3.3.1
Prime Rate	11.13
Purchase Price	3.1
Past Service	6.3.5
Phase I Assessment	6.25.1
Phase II Assessment	6.25.1
Related Agreement	recitals
Retained Assets	6.5.4
Retained Assets Management Agreement	6.5.4
Retained Franchises	6.5.4
Retained Purchase Price	6.5.4
Seller	preamble
Seller Plans	4.15.2
Subscriber Shortfall	3.2.7
Survival Period	10.1
System Employee Schedule	6.3.1
Taking	6.9.2
Threshold Amount	10.5
Transaction Documents	4.2
Transitional Billing Services	6.13
Transitional HSD Services	6.14
Underpayment	3.3.3
WARN	6.3.2

2. PURCHASE AND SALE OF ASSETS; ASSUMED OBLIGATIONS AND LIABILITIES.

2.1. Purchase and Sale of Assets. Subject to the terms and conditions set forth in this Agreement, at the Closing Time, Seller will sell to Buyer, and Buyer will purchase from Seller, free and clear of all Encumbrances (except Permitted Encumbrances), the Assets.

2.2. Assumed Obligations and Liabilities. At the Closing Time, Buyer will assume, and after the Closing Time, Buyer will pay, discharge and perform, the following (the "Assumed Obligations and Liabilities"): (a) those obligations

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and liabilities accruing and relating to periods after the Closing Time under or with respect to the Assets assigned and transferred to Buyer at the Closing; (b) those obligations and liabilities of Seller to subscribers and customers of Seller's Business for (i) subscriber deposits held by Seller as of the Closing Date related to the Systems in the amount for which Buyer received credit under Section 3.2 and (ii) customer, advertising and other advance payments held by Seller as of the Closing Date related to the Systems in the amount for which Buyer received credit under Section 3.2; (c) all obligations and liabilities accruing and relating to the Business prior to the Closing Time but only to the extent that Buyer received a credit pursuant to Section 3.2; and (d) all other obligations and liabilities accruing and relating to periods after the Closing Time and arising out of Buyer's ownership of the Assets or operation of the Systems after the Closing Time, except to the extent that such obligations or liabilities relate to any Excluded Asset. All obligations and liabilities, contingent, fixed or otherwise, arising out of or relating to the Assets or the Systems other than the Assumed Obligations and Liabilities will remain and be the obligations and liabilities solely of Seller including any obligation, liability or claims relating to or arising pursuant to (w) Taxes (including franchise fees) arising out of or relating to the Assets or the Business and with respect to periods or portions thereof ending on or prior to the Closing Time, (x) refunds of rates, charges or late fees arising out of or relating to the Assets or the Business and with respect to periods through and including the Closing Time, (y) any claim, action, suit, proceeding, arbitration, investigation or hearing, any tolling, settlement or license agreement with respect to any of the foregoing, or any other activity or procedure, or any notice of any of the foregoing which could result in any judgment, writ, order, injunction, award or decree of any court, judge, justice or magistrate, including any bankruptcy court or judge or the arbitrator in any binding arbitration, and any order of or by any Governmental Authority arising out of or relating to the Assets or the Business and commenced, or related to an event occurring, on or prior to the Closing Time, or (z) credit, loan or other agreements arising out of or relating to the Assets or the Business and pursuant to which Seller or any of its Affiliates has created, incurred, assumed or guaranteed indebtedness for borrowed money or under which any Encumbrance securing such indebtedness has been or may be imposed on any Asset.

3. CONSIDERATION.

3.1. Purchase Price. Buyer will pay to Seller for the Assets total cash consideration of $905,000,000 (Nine Hundred And Five Million Dollars) (the "Purchase Price"), subject to adjustment as provided in Section 3.2. The Purchase Price will be paid at the Closing by wire transfer of immediately available funds pursuant to wire instructions delivered by Seller to Buyer no later than two Business Days prior to the Closing Date:

3.2. Adjustments to Purchase Price. The Purchase Price will be adjusted as follows:

3.2.1.Adjustments on a pro rata basis as of the Closing Time will be made for all prepaid expenses other than inventory (but only to the extent the full benefit of such prepaid expenses will be realizable within twelve (12) months after the Closing Date), accrued expenses (including real and personal property Taxes), copyright fees and franchise or license fees or charges, prepaid income, subscriber prepayments and accounts receivable related to the Business, all as determined in accordance with GAAP consistently applied, and to reflect the principle that all expenses and income attributable to the Business for the period through and including the Closing Time are for the account of Seller, and all expenses and income attributable to the Business for the period after the Closing Time are for the account of Buyer. Notwithstanding the foregoing, the Purchase Price will only be increased by 98% of the accounts receivable; provided, further, that Seller will receive no credit for (a) any accounts receivable resulting from cable television services or Internet access or high speed data services of which more than $7.50 is 60 days or more past due from the billing date as of the Closing Date, (b) any accounts receivable resulting from advertising sales of which any portion is 120 days or more past due from the date of invoice as of the Closing Date, and (c) accounts receivable from customers whose accounts are inactive as of the Closing Date. For purposes of making "past due" calculations under clause (a) of the preceding sentence, the billing statements of a System will be deemed to be due and payable on the first day of the period during which the service to which such billing statements relate is provided.

3.2.2.The Purchase Price will be decreased by the amount of all advance payments to, or funds of Third Parties on deposit with, Seller as of the Closing Time and relating to the Business, including advance payments and deposits by subscribers served by the Business for converters, encoders, decoders, cable modems, cable television services and related sales.

3.2.3.The Purchase Price will be decreased by the amount of the economic value of all accrued vacation time that Buyer credits after the Closing Time to Hired Employees pursuant to Section 6.3, where economic value is the amount equal to the cash compensation that would be payable to each such Hired Employee at his or her level of compensation on the Closing Date for a period equal to such credited accrued vacation.

3.2.4.The Purchase Price will be increased by the amount of all deposits relating to the Business and the operation of the Systems that are held by Third Parties as of the Closing Time for the account of Seller which relate to the Systems or are held as security for Seller's performance of its obligations, including deposits on leases and deposits for utilities, but excluding those which are or relate to Excluded Assets or the full benefit of which will not be available to Buyer following the Closing, and such deposits will become the property of Buyer.

3.2.5.The Purchase Price will be decreased by an amount equal to the excess (if any) of the total amount of capital expenditures set forth on the Systems' capital budget (a copy of which has been provided to Buyer) over the actual amount of capital expenditures as of the Closing Time made for such projects since December 31, 2000. The Purchase Price will be increased by an amount equal to the capital expenditures not included in such capital budget and incurred by Seller at Buyer's request in accordance with Section 6.2.2(y).

3.2.6. The Purchase Price will be decreased by $180,000 in respect of deferred revenue related to the portion of the Business conducted by NSI.

3.2.7.The Purchase Price will be decreased by the dollar amount equal to the product of (i) the Subscriber Shortfall multiplied by (ii) $3,348 (Three Thousand, Three Hundred Forty Eight Dollars). For purposes of this Agreement, the "Subscriber Shortfall" equals the number, if any, by which the aggregate of the Equivalent Basic Subscribers for the Systems as of the Closing Time is less than 267,597 (Two Hundred Sixty Seven Thousand, Five Hundred Ninety Seven).

3.2.8.The adjustments provided for in this Section 3.2 will be made without duplication. In addition, none of the adjustments provided for in this Section 3.2 will be made with respect to any Excluded Asset or with respect to any item of income or expense related to an Excluded Asset.

3.2.9.The net amount of the adjustments calculated under this Section 3.2, as preliminarily determined pursuant to Section 3.3.1, will be added or subtracted, as applicable, to the Purchase Price at the Closing.

3.3. Determination of Adjustments. Preliminary and final adjustments to the Purchase Price will be determined as follows:

3.3.1.Not later than a date Seller reasonably believes is at least five Business Days prior to the Closing, Seller will deliver to Buyer a report (the "Preliminary Adjustments Report"), showing in detail the good faith preliminary determination of the adjustments referred to in Section 3.2, which have been calculated as of the Closing Time (or as of any other date and time agreed by the parties) and appropriate documents substantiating the adjustments proposed in the Preliminary Adjustments Report. Buyer will have three Business Days following receipt of the Preliminary Adjustments Report to review such Report and supporting information and to notify Seller of any disagreements of Buyer with Seller's estimates. If Buyer provides a notice of disagreement (the "Disagreement Notice") with Seller's estimates of the adjustments referred to in Section 3.2 within such three Business Day period, Buyer and Seller will negotiate in good faith to resolve any such dispute and to reach an agreement prior to the Closing Date on such estimated adjustments as of the Closing Time. The basis for determining the Purchase Price to be paid at the Closing will be (a) the estimate so agreed upon by Buyer and Seller, (b) if the parties do not reach

such an agreement on the estimated amount of the adjustments set forth in the Preliminary Adjustments Report prior to the Closing Date and the amount in dispute is less than or equal to $3,000,000 or if Buyer fails to provide a notice of disagreement with Seller's estimates of such adjustments within the requisite time provided, the estimates of such adjustments set forth in the Preliminary Adjustments Report or (c) if the parties do not reach such an agreement on the estimated amount of the adjustments set forth in the Preliminary Adjustments Report prior to the Closing Date and the amount in dispute is greater than $3,000,000, the estimates of such adjustments set forth in the Preliminary Adjustments Report less (i) an amount equal to the excess (if any) of (A) the Purchase Price based on the adjustments proposed by Seller set forth in the Preliminary Adjustments Report, over (B) the Purchase Price based on Buyer's estimate of such adjustments set forth in the Disagreement Notice or (ii) $5,000,000, whichever is less (the "Escrow Amount"). If the Purchase Price to be paid at Closing is determined under (c) above, Buyer will deposit the Escrow Amount into an escrow account (which will be held by Chase Manhattan Bank or other escrow agent which is mutually acceptable to Buyer and Seller (the "Escrow Agent") and governed by an escrow agreement substantially in the form of EXHIBIT B).

3.3.2.Within 90 days after the Closing Date, Seller will deliver to Buyer a report (the "Final Adjustments Report") showing in detail the final determination of all adjustments which were not calculated as of the Closing Time and containing any corrections to the Preliminary Adjustments Report, together with appropriate documents substantiating the adjustments proposed in the Final Adjustments Report. Buyer will provide Seller with reasonable access to all records that Buyer has in its possession and which are necessary for Seller to prepare the Final Adjustments Report.

3.3.3.Within 30 days after receipt of the Final Adjustments Report, Buyer will give Seller written notice of Buyer's objections, if any, to the Final Adjustments Report. If Buyer timely makes any such objection, the parties will agree on any items, if any, which are not in dispute within 30 days after Seller's receipt of Buyer's notice of objections to the Final Adjustments Report. Any disputed amounts will be determined by the accounting firm of Deloitte & Touche, which will be obligated to determine such amounts within 90 days after the dispute is submitted to it, and the determination of which will be conclusive. Seller and Buyer will bear equally the fees and expenses payable to such firm in connection with such determination. If the Purchase Price, as finally determined, exceeds the estimated Purchase Price actually paid to Seller at the Closing (such excess, the "Underpayment") and Buyer made a deposit into escrow pursuant to Section 3.3.1, then Buyer and Seller will instruct the Escrow Agent to release to Seller the amount of the Underpayment, and to release to Buyer any remaining funds in the escrow account. If either (i) the amounts released to Seller from the escrow account are less than the amount of the Underpayment or (ii) no deposit to the escrow account was made pursuant to Section 3.3.1, Buyer will pay to Seller an amount equal to the Underpayment minus the amount, if any, released

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to Seller from the escrow account. If the estimated Purchase Price paid at the Closing exceeds the Purchase Price, as finally determined, then Buyer and Seller will instruct the Escrow Agent to release all funds, if any, in the escrow account to Buyer and Seller will pay to Buyer an amount equal to the excess of the Purchase Price, as finally determined, over the estimated Purchase Price paid at the Closing. Any such payments will be made by wire transfer of immediately available funds to the other party within three Business Days after the final determination of all disputed items.

3.4. Allocation of Purchase Price. No later than 120 days after Closing, Buyer will deliver to Seller a written estimate of the allocation of the Purchase Price, as finally determined pursuant to Section 3.3, and the Assumed Obligations and Liabilities, among the Assets, as such Assets existed immediately prior to the Closing Time. The parties will use reasonable good faith efforts to agree on the final allocation of the Purchase Price and the Assumed Obligations and Liabilities among the Assets within 60 days after delivery of Buyer's estimate of such allocation (the "Final Allocation"). In determining the Final Allocation, the Purchase Price and the Assumed Obligations and Liabilities will be allocated between the tangible assets and the Franchises acquired by Buyer by allocating to the tangible assets amounts equal to the book value of such tangible assets on the Closing Date and the remainder to the Franchises. Each Seller and Buyer will timely file any forms required to be filed under Section 1060 of the Code and any corresponding provision of state or local tax law. In addition, Seller and Buyer each agree (i) to file all Tax returns and determine all Taxes (including, without limitation, for purposes of Section 1060 of the Code) in accordance with and based upon the Final Allocation and (ii) not to take any position inconsistent with such Final Allocation in any audit or judicial or administrative proceeding or otherwise.

4. REPRESENTATIONS AND WARRANTIES OF SELLER.

All of the entities comprising Seller jointly and severally represent and warrant to Buyer, as of the date of this Agreement and as of the Closing, as follows:

4.1. Organization and Qualification. Each entity comprising Seller is duly organized, validly existing and in good standing under the laws of the state of its organization and has all requisite power and authority to own, lease and use the Assets as they are currently owned, leased and used and to conduct the Business as it is currently conducted. Each entity comprising Seller is duly qualified to do business and is in good standing under the laws of each jurisdiction where it operates the Business.

4.2. Authority and Validity. Seller has all requisite power and authority to execute and deliver, to perform its obligations under, and to consummate the transactions contemplated by, this Agreement and all other documents and instruments to be executed and delivered in connection with the transactions contemplated by this Agreement (collectively, the "Transaction Documents") to

which Seller is a party. The execution and delivery by Seller of this Agreement has been duly authorized by all requisite entity action. The execution and delivery by Seller of the Transaction Documents to which Seller is a party, the performance by Seller of its obligations under and the consummation by Seller of the transactions contemplated by this Agreement and the Transaction Documents to which Seller is a party have been, or will by the Closing Date be, duly authorized by all requisite entity action. This Agreement is, and when executed and delivered by Seller the Transaction Documents will be, the valid and binding obligations of Seller, enforceable against Seller in accordance with their respective terms, except insofar as enforceability may be affected by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws now or hereafter in effect affecting creditors' rights generally or by principles governing the availability of equitable remedies.

4.3. No Conflict; Required Consents. Subject to obtaining the Required Consents, all of which are disclosed on SCHEDULE 4.3, and the receipt of any consent required or the expiration or termination of the applicable waiting period under the HSR Act, the execution and delivery by Seller, the performance of Seller under, and the consummation by Seller of the transactions contemplated by, this Agreement and the Transaction Documents to which Seller is a party do not and will not: (a) conflict with or violate any provision of the organizational documents of Seller; (b) violate any Legal Requirement in any material respect; (c) require any consent, waiver, approval or authorization of, or any filing with or notice to, any Governmental Authority or other Person; or (d) (i) violate, conflict with or constitute a breach of or default under (without regard to requirements of notice, lapse of time or elections of other Persons or any combination thereof), (ii) permit or result in the termination, suspension or modification of, (iii) result in the acceleration of (or give any Person the right to accelerate) the performance of Seller under, or (iv) result in the creation or imposition of any Encumbrance under, any Contract, Franchise or License or any other instrument evidencing any of the Assets, or any instrument or other agreement by which any of the Assets is bound or affected, except for purposes of clauses (c) or (d), above, any consents, waivers, approvals or authorizations required under any bulk Contracts relating to multiple dwelling units with less than 250 units.

4.4. Assets. Seller has good and marketable title in and to (or, in the case of Assets that are leased, valid leasehold interests in) the Assets (other than Real Property, as to which the representations and warranties in Section 4.7 apply). The Assets are free and clear of all Encumbrances, except (a) Permitted Encumbrances, (b) rights of first refusal stated in the Franchises and Licenses, each of which will be waived by the Person holding such right prior to the Closing, and (c) Encumbrances disclosed on SCHEDULE 4.4. Except for the Excluded Assets, the Assets are all the assets necessary to permit Buyer to conduct the Business and to operate the Systems substantially as the Business is being conducted and the Systems are being operated on the date of this Agreement and in compliance with all applicable Legal Requirements and to

perform all of the Assumed Obligations and Liabilities. Except as disclosed on SCHEDULE 4.4, all of the Equipment is in good operating condition and repair, ordinary wear and tear excepted, and is adequate for the operation of the Business.

4.5. Franchises and Licenses. Except as disclosed on SCHEDULE 4.5, Seller is not bound or affected by any (a) "franchise," as such term is defined in Section 602 of the Communications Act (47 U.S.C. 522), in connection with the operation of the Business, (b) license, authorization or permit issued by the FCC that relates to the Systems or the operation of the Business or (c) any licenses, authorizations or permits of any other Governmental Authority (other than those described in clauses (a) or (b)) which are individually or in the aggregate material to the Business or the Systems. Seller has provided Buyer with access to true and complete copies of each Franchise and License disclosed on SCHEDULE 4.5. SCHEDULE 4.5 discloses the specific Seller bound or affected by each Franchise. To the extent that SCHEDULE 4.5 fails to disclose the specific Seller bound or affected by each item listed thereon or any license, authorization or permit of any Governmental Authority, Seller will provide such information to Buyer within 30 days after the date of this Agreement. Except as disclosed on SCHEDULE 4.5, the Franchises and Licenses are currently in full force and effect under all applicable Legal Requirements according to their terms and Seller is not in breach or default of any terms or conditions thereunder and no event has occurred that, with notice or lapse of time or both would constitute a breach, violation or default thereunder by Seller. Except as disclosed on SCHEDULE 4.5, there is no legal action, governmental proceeding or investigation, pending or, to Seller's Knowledge, threatened, to terminate, suspend or modify any Franchise or License. Except as set forth on SCHEDULE 4.5, (a) the Franchises contain all of the commitments of Seller to the applicable Governmental Authority granting such Franchises with respect to the construction, ownership and operation of the Systems, and (b) other than as set forth in the Franchises, Seller has not made any commitment to any local franchising authority to make any expenditure or capital addition or betterment to any System or the Assets that will not be fulfilled or satisfied prior to the Closing Time. As of the date of this Agreement, except as disclosed on SCHEDULE 4.5, and other than any satellite master antenna television system which serves fewer than 1000 dwelling units and direct broadcast satellite television, with respect to each area in which the Systems currently provide cable television service: (a) no Third Party is operating a cable television system or other non-satellite MVPD other than a System in such area; (b) no construction programs have been substantially undertaken, or, to the Knowledge of Seller, are proposed to be undertaken, by any municipality or other Third Party wireline cable television operator in the Service Area, (c) no franchise has been, or, to the Knowledge of Seller, is proposed to be, granted to any Third Party in the Service Area, other than franchises included in the Assets; and (d) to the Knowledge of Seller, no Third Party MVPD has applied for a cable television franchise or open video system or similar authorization to serve such area.

4.6. Contracts. All Contracts are disclosed on SCHEDULE 4.6, except for: (a) subscription agreements with individual residential subscribers or commercial establishments for the cable services provided by the Systems in the ordinary course of business; (b) miscellaneous service Contracts with Seller's vendors terminable at will or upon notice of 30 days or less without penalty; (c) Contracts not involving any monetary obligation in excess of $25,000; (d) bank financing documents; (e) Contracts constituting Excluded Assets; and (f) Contracts relating to services provided by Seller to residents of multiple dwelling unit complexes or to commercial accounts. Without limiting the foregoing, SCHEDULE 4.6 discloses all programming agreements, wireline crossing agreement, pole attachment agreements, fiber leases, Contracts between Seller and its Affiliates, retransmission consent agreements, capital leases of personal property and agreements limiting the right of the Systems to compete, except, in each case, such Contracts that are Excluded Assets. Seller has provided Buyer with access to true and complete copies of each of the written Contracts disclosed on SCHEDULE 4.6 and will provide Buyer access to all other Contracts (including descriptions of oral Contracts) of Seller within 30 days after the date of this Agreement. Seller will further provide Buyer with a complete list of all multiple dwelling unit complexes served by the Systems as of the date specified in such list. Each Contract is in full force and effect and constitutes the valid, legal, binding and enforceable obligation of Seller, and Seller is not in breach or default of any terms or conditions thereunder. To Seller's Knowledge no other party thereto is, in breach or default of any material terms or conditions thereunder.

4.7. Real Property.

4.7.1. All of the Assets consisting of Real Property interests are disclosed on SCHEDULE 4.7. To the extent that SCHEDULE 4.7 fails to disclose the specific Seller holding each interest listed thereon, Seller will provide such information to Buyer within 30 days after the date of this Agreement. Except as otherwise disclosed on SCHEDULE 4.7, Seller is the sole owner (both legal and equitable) and holds, or at the time of the Closing will hold, good and marketable fee simple absolute title to each parcel of Real Property disclosed as being owned by Seller on SCHEDULE 4.7 or is otherwise owned by Seller and all buildings, structures and improvements thereon and has the valid and enforceable right to use and possess such owned Real Property and improvements, in each case free and clear of all Encumbrances except for Permitted Encumbrances. Seller has valid and enforceable leasehold interests in the Real Property disclosed as being leased by Seller on SCHEDULE 4.7 or is otherwise leased by Seller and, with respect to other Real Property not owned or leased by Seller, Seller has the valid and enforceable right to use all other Real Property pursuant to the easements, licenses, rights-of-way or other rights disclosed on SCHEDULE 4.7 or is otherwise used by Seller, and all improvements thereon owned by Seller and included in the Assets, in each case free and clear of all Encumbrances except for Permitted Encumbrances. With respect to leasehold interests and other material interests in Real Property, Seller is not in breach or

default of any terms or conditions of any written instrument relating thereto and, to Seller's Knowledge, no other party thereto is in material breach or default of any terms or conditions of any such written instrument.

4.7.2. There are no leases or other agreements, oral or written, granting to any Person other than Seller the right to occupy or use any Real Property, except as disclosed on SCHEDULE 4.7. Seller has provided Buyer with access to true and complete copies of each of the written leases and other agreements disclosed on SCHEDULE 4.7, including all amendments and addenda thereto. Each parcel of Real Property owned or leased by Seller, any improvements constructed thereon and their current use, conforms in all material respects to (a) all applicable Legal Requirements, and (b) all restrictive covenants, if any, or other Encumbrances affecting all or part of such Real Property.

4.7.3. Except as disclosed on SCHEDULE 4.7, each parcel of owned Real Property and each parcel of leased Real Property (a) has access to and over public streets or private streets for which Seller has a valid right of ingress and egress, (b) conforms in its current use and occupancy in all material respects to all zoning requirements and (c) conforms in its current use in all material respects to all restrictive covenants, if any, or other Encumbrances affecting all or part of such parcel. There are no pending or, to Seller's Knowledge, threatened condemnation actions or special assessments or proceedings for changes in the zoning with respect to such Real Property or any part thereof and Seller has not received any notice of the desire of any Governmental Authority or other entity to take or use any Real Property or any part thereof. Seller has complied in all material respects with all notices or orders to correct violations of Legal Requirements issued by any Governmental Authority having jurisdiction against or affecting any of the Real Property.

4.8. Environmental Matters.

4.8.1. Except as disclosed on SCHEDULE 4.8: (a) to the Knowledge of Seller, the Real Property currently complies in all material respects with Environmental Laws; (b) neither the Real Property owned by Seller nor, to the Knowledge of Seller, the Real Property leased by Seller is the subject of any court order, administrative order or decree arising under any Environmental Law; and (c) the Real Property has not been used by Seller for the generation, storage, discharge or disposal of any Hazardous Substances except as permitted under Environmental Laws. Except as disclosed on SCHEDULE 4.8, Seller has not received any written notice from any Governmental Authority alleging that the Real Property is in violation of any Environmental Law, and no claim based on any Environmental Law has been asserted to Seller in writing in the past or is currently pending or, to the Knowledge of Seller, threatened, with respect to any Real Property.

4.8.2. Seller has provided Buyer with complete and correct copies of (a) all studies, reports, surveys or other materials in Seller's possession or to which Seller has access relating to the actual or alleged presence, use, generation, release or disposal of Hazardous Substances at, on, under or affecting the Real Property, (b) all notices or other materials in Seller's possession or to which Seller has access that were received from any Governmental Authority respecting any Environmental Laws relating to the current or past ownership, use or operation of the Real Property or activities at the Real Property and (c) all notices and other materials in Seller's possession or to which Seller has access relating to any litigation or claim relating to the Real Property or other Assets or concerning any Environmental Law.

4.9. Compliance with Legal Requirements. Except as set forth on SCHEDULE 4.9:

4.9.1. The ownership, leasing and use of the Assets as they are currently owned, leased and used, and the conduct of the Business as it is currently conducted, do not violate or infringe in any material respect any Legal Requirements currently in effect (other than Legal Requirements described in Section 4.9.4, as to which the representations and warranties set forth in that subsection will exclusively apply). Seller has not received any notice of, and Seller has no Knowledge of, any basis for the allegation of any such violation or infringement.

4.9.2. A valid request for renewal has been duly and timely filed under Section 626 of the Communications Act with the proper Governmental Authority with respect to all Franchises that have expired prior to, or will expire within 30 months after, the date of this Agreement. Seller has not received notice from any Governmental Authority that it has determined or intends to deny renewal of any Franchise to which Seller is a party.

4.9.3. Seller has complied, and the Business is in material compliance with the Communications Act and the rules and regulations of the FCC, including all regulatory filings required thereunder and the technical standards set forth in Part 76, Subpart K, and with Section 111 of the U.S. Copyright Act of 1976 and the applicable rules and regulations of the U.S. Copyright Office and the Register of Copyrights, including the filing of all required Statements of Account with respect to each System since Seller's acquisition of such System.

4.9.4. Notwithstanding the foregoing and except as specifically limited herein, to Seller's Knowledge, each System is in compliance with the provisions of the Communications Act and FCC regulations, including provisions pertaining to signal leakage, utility pole make ready, grounding and bonding of cable television systems (in each case as the same is currently in effect). Seller has complied with the must carry, retransmission consent, and commercial leased access provisions of the Communications Act and FCC regulations as they relate

to the Systems. Seller has used commercially reasonable good faith efforts to establish rates charged to subscribers, effective since September 1, 1993, that would be allowable under the Communications Act, and rules and regulations promulgated by the FCC, and any authoritative interpretation thereof now or then in effect, whether or not such rates were subject to regulation at that date by any Governmental Authority, including any state regulatory agency, local franchising authority and the FCC. Notwithstanding the foregoing, Seller makes no representation or warranty that either the rates charged to subscribers of the Systems would be allowable under any rules and regulations of the FCC or any authoritative interpretation thereof, promulgated after the Closing Date.

4.9.5. All necessary FAA approvals have been obtained and all necessary FCC tower registrations have been filed with respect to the height and location of towers used in connection with the operation of the Systems, and such towers are being operated in compliance in all material respects with applicable FCC and FAA rules.

4.10. Patents, Trademarks and Copyrights. To the Knowledge of Seller, the operation of the Business as currently conducted does not violate or infringe upon the rights of any Person in any copyright, trademark, service mark, patent, license, trade secret or similar intellectual property right.

4.11. Financial Statements. Seller has delivered to Buyer correct and complete copies of its unaudited balance sheets and unaudited statements of operations for the Systems as of and for the periods ended December 31, 1999 and December 31, 2000 (the "Financial Statements"). The Financial Statements are in accordance with the books and records of Seller and fairly present, in all material respects, Seller's financial position and results of operations as of the dates and for the periods indicated, subject to normal year-end adjustments, allocations and accruals (none of which are deemed to be material to the operating cash flow of Seller). The Financial Statements reflect the fully allocated costs of operating the Systems, including all employee costs associated with operating the Systems. The Financial Statements have been prepared in accordance with GAAP, applied on a consistent basis throughout the periods covered thereby, except that they do not (a) reflect income taxes, (b) contain a statement of cash flows, (c) contain footnotes, or (d) fully reflect the allocation of AT&T Corp.'s purchase price to acquire Tele-Communications, Inc. for the 1999 period. Such purchase price allocations would primarily affect franchise costs, property and equipment, depreciation and amortization.

4.12. Absence of Certain Changes. Except as disclosed on SCHEDULE 4.12, since December 31, 2000: (a) no event or circumstance has occurred which, individually or in the aggregate, would reasonably be expected to have a Material Adverse Effect; (b) Seller has operated the Business only in the usual, regular and ordinary course; and (c) there has been no sale, assignment or transfer of any material Assets, or any theft, damage, removal, destruction or casualty loss of any material property. As of the date of this Agreement, since

December 31, 2000, there has been no material change in accounting principles or practices with respect to the Business or revaluation by Seller of the Assets for financial reporting, property tax or other purposes.

4.13. Legal Proceedings. Except as disclosed on SCHEDULE 4.13, (a) there is no judgment or order outstanding, or any action, suit, complaint, proceeding or investigation by or before any Governmental Authority or any arbitrator pending, or to Seller's Knowledge, threatened, involving or affecting all or any part of the Business or Seller, except as would not reasonably be expected to materially adversely affect the Systems or the Business; (b) there are no claims, actions, suits, proceedings or investigations pending or, to Seller's Knowledge, threatened, by or before any Governmental Authority, or any arbitrator, by, against, affecting or relating to Seller which, if adversely determined, would restrain or enjoin the consummation of the transactions contemplated by this Agreement or declare unlawful the transactions or events contemplated by this Agreement or cause any of such transactions to be rescinded; and (c) there are no current rate proceedings, must-carry complaints or other actions, suits, complaints, proceedings or investigations pending against Seller alleging noncompliance by the Systems of any Franchise or License.

4.14. Tax Returns; Other Reports. Seller has duly and timely filed all federal, state, local and foreign Tax returns and other Tax reports required to be filed by Seller, and has timely paid all Taxes which have become due and payable, whether or not so shown on any such return or report, the failure of which to be filed or paid could adversely affect or result in the imposition of an Encumbrance upon the Assets or create any transferee or other liability upon Buyer, except such amounts as are being contested diligently and in good faith. Seller has received no notice of, nor does Seller have any Knowledge of, any deficiency, assessment or audit, or proposed deficiency, assessment or audit from any taxing Governmental Authority which could affect or result in the imposition of an Encumbrance upon the Assets or create any transferee or other liability upon Buyer. Except as disclosed on SCHEDULE 4.14, the Assets are not subject to any joint venture, partnership or other arrangement or contract which is treated as a partnership for Federal Income tax purposes.

4.15. Employment Matters.

4.15.1. Seller has complied in all material respects with all applicable Legal Requirements relating to the employment of labor, including the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), continuation coverage requirements with respect to group health plans, and those relating to wages, hours, collective bargaining, unemployment insurance, worker's compensation, equal employment opportunity, discrimination, immigration control and the payment and withholding of Taxes.

4.15.2. For purposes of this Agreement, "Seller Plans" means (a) each employee benefit plan (as defined in Section 3(3) of ERISA), other than

any defined benefit plan subject to Title IV of ERISA or any multiemployer plan (as defined in Section 3(37) of ERISA), which is sponsored or maintained by Seller or its ERISA Affiliates or to which Seller contributes, and which benefits System Employees, or (b) each multiemployer plan (as defined in Section 3(37) of ERISA) or defined benefit plan subject to Title IV of ERISA sponsored or maintained by Seller or any of Seller's ERISA Affiliates or to which Seller or any of its ERISA Affiliates is obligated to contribute. The Seller Plans in which any System Employee participates are disclosed on SCHEDULE 4.15.2. None of Seller, any Seller Plan other than a multiemployer plan (as defined in Section 3(37) of ERISA), or, to the Knowledge of Seller, any Seller Plan that is a multiemployer plan (as defined in Section 3(37) of ERISA), is in material violation of any provision of ERISA or the Code for which Buyer will have any liability after the Closing Date. No (i) "reportable event" described in Sections 4043(c)(1), (2), (3), (5), (6), (7), (10) and (13) of ERISA, (ii) non-exempt "prohibited transaction" (as defined in Section 406 of ERISA or Section 4975 of the Code), (iii) "accumulated funding deficiency" (as defined in Section 302 of ERISA) or (iv) "withdrawal liability" (as determined under Section 4201 et seq. of ERISA) has occurred or exists and is continuing with respect to any Seller Plan. "ERISA Affiliate" means, as to any Person, any trade or business, whether or not incorporated, which together with such Person would be deemed a single employer as determined under Section 4001 of ERISA. There are no Liens against the Assets under Section 412(n) of the Code or Sections 302(f) or 4068 of ERISA. At the Closing, Buyer will have no obligation to contribute to, or any liability in respect of, any Seller Plan, or any similar employment, severance or other arrangement or policy (whether written or oral) providing for insurance coverage (including self-insured arrangements), workers' compensation, disability benefits, supplemental unemployment benefits, vacation benefits (except as provided in this Agreement), fringe benefits or retirement benefits, or for profit sharing, deferred compensation, bonuses, stock options, stock appreciation or other forms of incentive compensation or post-retirement insurance, compensation or benefits, sponsored or maintained by Seller or any of its ERISA Affiliates, or to which Seller or any of its ERISA Affiliates is obligated to contribute.

4.15.3. Except as disclosed on SCHEDULE 4.15, as of the date of this Agreement, no collective bargaining agreements are applicable to any System Employee and Seller has no duty to bargain with any labor organization with respect to any System Employees. None of the collective bargaining agreements applicable to any System Employee require Seller to impose the collective bargaining agreement upon Buyer. Except as disclosed on SCHEDULE 4.15, as of the date of this Agreement, there are not pending, or to Seller's Knowledge, threatened, any labor disputes, unfair labor practice charges, material labor arbitration proceedings or labor grievances against Seller, any demand for recognition or any other request or demand from a labor organization for representative status with respect to any System Employee. Except as disclosed on SCHEDULE 4.15, Seller has no employment agreements, either written or oral, with any System Employee. Except as disclosed on SCHEDULE 4.15, there

are no work stoppages, strikes or other concerted activities by employees of Seller pending, or to Seller's Knowledge, threatened against Seller.

4.16. System Information. With respect to each of the Systems, disclosed on SCHEDULE 4.16 are (a) the approximate number of plant miles (aerial and underground) for the System, (b) the minimum bandwidth capability, channel capacity and two-way capability of each headend, (c) the stations and signals carried by the System and (d) the channel position of each such signal and station (including a designation of which broadcast stations are distributed pursuant to a retransmission consent and which are distributed pursuant to a must-carry election), which information is true and correct in all material respects, in each case as of the applicable dates specified therein and subject to any qualifications set forth therein. Also disclosed on SCHEDULE 4.16 are the approximate number of homes passed by the System, and the number of subscribers of the System as of the applicable dates and calculated pursuant to the methodology specified therein. Seller has delivered to Buyer information on the channel lineups and the monthly rates charged for each class of service for the Systems (including installation charges), which information is true and correct in all material respects, in each case as of the applicable dates specified therein and subject to any qualifications set forth therein.

4.17. Finders and Brokers. Other than Daniels & Associates (whose fees will be paid by Seller), Seller has not employed any financial advisor, broker or finder or incurred any liability for any financial advisory, brokerage, finder's or similar fee or commission in connection with the transactions contemplated by this Agreement for which Buyer could be liable.

4.18. Disclosure. Any item required to be disclosed on more than one Schedule to this Agreement will be deemed properly disclosed on another Schedule if it is disclosed on any Schedule to this Agreement, as long as such disclosure includes an appropriate cross-reference or it is reasonably apparent from the face and context of the item disclosed that it should be disclosed on such other Schedule.

5. BUYER'S REPRESENTATIONS AND WARRANTIES.

Buyer represents and warrants to Seller, as of the date of this Agreement and as of the Closing, as follows:

5.1. Organization and Qualification. Buyer is a limited liability company duly organized, validly existing and in good standing under the laws of Delaware and has all requisite power and authority to carry on its business as currently conducted and to own, lease, use and operate its assets. Buyer is duly qualified to do business and is in good standing under the laws of each jurisdiction in which the character of the properties owned, leased or operated by it or the nature of the activities conducted by it makes such qualification necessary.

5.2. Authority and Validity. Buyer has all requisite power and authority to execute and deliver, to perform its obligations under, and to consummate the transactions contemplated by, this Agreement and the Transaction Documents. The execution and delivery by Buyer of, the performance by Buyer of its obligations under, and the consummation by Buyer of the transactions contemplated by, this Agreement and the Transaction Documents to which Buyer is a party have been duly authorized by all requisite entity action. This Agreement is, and when executed and delivered by Buyer, the Transaction Documents will be, the valid and binding obligations of Buyer, enforceable in accordance with their respective terms, except insofar as enforceability may be limited or affected by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws now or hereafter in effect affecting creditors' rights generally or by principles governing the availability of equitable remedies.

5.3. No Conflicts; Required Consents. Subject to the receipt of any consent or the expiration or termination of the applicable waiting period under the HSR Act, and assuming the Required Consents have been obtained, the execution and delivery by Buyer, the performance of Buyer under, and the consummation by Buyer of the transactions contemplated by, this Agreement and the Transaction Documents to which Buyer is a party do not and will not: (a) violate any provision of the organizational documents of Buyer; (b) violate any material Legal Requirement; or (c) require any consent, waiver, approval or authorization of, or any filing with or notice to, any Person.

5.4. Finders and Brokers. Buyer has not employed any financial advisor, broker or finder or incurred any liability for any financial advisory, brokerage, finder's or similar fee or commission in connection with the transactions contemplated by this Agreement for which Seller could be liable.

5.5. Legal Proceedings. There are no claims, actions, suits, proceedings or investigations pending or, to Buyer's knowledge, threatened, by or before any Governmental Authority, or any arbitrator, by, against, affecting or relating to Buyer which, if adversely determined, would restrain or enjoin the consummation of the transactions contemplated by this Agreement or declare unlawful the transactions or events contemplated by this Agreement or cause any of such transactions to be rescinded.

6. ADDITIONAL COVENANTS.

6.1. Access to Premises and Records. Between the date of this Agreement and the Closing Date, upon reasonable advance notice from Buyer to Seller, Seller will give Buyer and its representatives reasonable access during normal business hours to all the premises and the Books and Records of the Business, to all the Assets, to the general managers of the Systems, and to other AT&T corporate personnel to the extent reasonably necessary to effect a transition of the operations of the Systems to Buyer following the Closing, and will furnish to Buyer and its representatives all information regarding the

Business, the Assets and, to the extent reasonably necessary to effect any transition with respect to any Excluded Assets, the Excluded Assets, as Buyer may from time to time reasonably request. No investigation will affect or limit the scope of any of the representations, warranties, covenants and indemnities of the other in this Agreement or in any Transaction Document or limit liability for any breach of any of the foregoing. Buyer will use commercially reasonable efforts to give Seller prompt notice of Buyer's discovery of any event or condition that could constitute such a breach. All requests for access to AT&T corporate personnel will be made to Patty Conroy, at 303-858-3609.

6.2. Continuity and Maintenance of Operations; Financial Statements. Except as Buyer may otherwise consent in writing (which consent, when requested in connection with any conduct described in Sections 6.2.1, 6.2.2, 6.2.3 or 6.2.7, will not be withheld unreasonably), until the Closing:

6.2.1. Seller will conduct the Business in good faith and operate the Systems only in the ordinary course consistent in all material respects with past practices, and will use commercially reasonable efforts, to the extent consistent with such conduct and operation, to (a) preserve the Business intact, including preserving existing relationships with franchising authorities, suppliers, customers and others having business dealings with Seller relating to the Business and (b) keep available the services of the System Employees (but will be under no obligation to incur any costs in addition to what Seller is currently incurring to do so).

6.2.2. Seller will maintain the Assets in good repair, order and condition (ordinary wear and tear excepted), will maintain Equipment and inventory for the Systems at normal historical levels consistent with past practices (as adjusted to account for abnormally high inventory levels related to construction activity), will maintain in full force and effect, policies of insurance with respect to the Business in such amounts and covering such risks as customarily maintained by operators of cable television systems of similar size and geographic location as the Systems, and will maintain its books, records and accounts in the ordinary manner on a basis consistent with past practices. Seller will (a) only report and write off accounts receivable in accordance with past practice, (b) withhold and pay when due all Taxes relating to System Employees, the Assets or the System, (c) maintain service quality of the Systems at a level at least consistent with past practices, (d) file with the FCC all reports required to be filed under applicable FCC rules and regulations, and (e) comply in all material respects with all Legal Requirements with respect to the Systems. Seller will (x) undertake capital programs contemplated by the System's capital budget, (y) exercise good faith efforts to expend the amount described on its capital budget in accordance with the categories described with respect to each such capital program and (z) undertake capital programs reasonably requested by Buyer, provided that such requests do not, in the aggregate, require capital expenditures in excess of $10,000,000, and would not reasonably be expected to

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cause Seller to breach any Contract by which it is bound or any Legal Requirement or hinder or delay the Closing.

6.2.3. Seller will not, except as disclosed on SCHEDULE 6.2: (a) sell, transfer or assign any portion of the Assets other than sales in the ordinary course of business; (b) modify, terminate, renew (other than in the ordinary course or as required by this Agreement) suspend or abrogate any Franchises, Licenses or material Contracts (other than those constituting Excluded Assets); (c) enter into any non-ordinary course Contract or commitment involving an expenditure in excess of $50,000 individually, or $500,000 in the aggregate, other than Contracts or commitments which are cancellable on 30 days' notice or less without penalty and other than as contemplated by this Agreement; (d) modify its procedures for disconnection and discontinuation of service to subscribers whose accounts are delinquent; (e) except in accordance with an AT&T-wide plan or program (in which case Seller will give prior notice to Buyer) increase the compensation or materially change any benefits (other than severance benefits) available to System Employees, except as required pursuant to existing written agreements, or in the ordinary course of business consistent with past practice; (f) create, assume or permit to exist any Encumbrance (other than Permitted Encumbrances) on any of the Assets, other than any Encumbrance which will be released at or prior to the Closing; (g) make any Cost of Service Election; (h) enter into any agreement with or commitment to any competitive access provider and/or local exchange company or any internet access or on-line services provider with respect to the use or lease of any of the Assets; (i) enter into any collective bargaining agreement covering the System Employees who are not now covered by a collective bargaining agreement or enter into any new bonus, stock option, profit sharing, compensation, pension, welfare, retirement, employment or similar agreement that would create any liability to Buyer after the Closing Date, except where required by any Legal Requirement; (j) decrease the rate charged for any level of Basic Services, Expanded Basic Services or any Pay TV, except to the extent required by any Legal Requirement or, except as expressly permitted by SCHEDULE 6.2 or in connection with any rebuild, add, delete, retier or repackage any analog programming services, in each case except to the extent required under the 1992 Cable Act or any other Legal Requirement; provided, however, that if rates are decreased in order to so comply, Seller will provide Buyer with copies of any FCC forms (even if not filed with any Governmental Authority) used to determine that the new rates were required; (k) engage in any marketing, subscriber installation, collection or disconnection practices outside the ordinary course of business or inconsistent with past practice; (l) enter into, modify or amend any Contract for any fiber or fiber capacity lease or use arrangements; (m) offer telephony or related services in Systems where such services are not offered as of the date of this Agreement; or (n) convert any of the Systems to any billing system or otherwise change billing arrangements for any of the Systems.

6.2.4. Seller will deliver to Buyer true and complete copies of any monthly and quarterly financial statements and operating reports with respect to

the Business which are prepared by or for Seller in the ordinary course of business at any time between the date of this Agreement and the Closing Date, including System level and consolidated state level expanded and detailed statements of operating income and cash flow with respect to the Business. Seller will further promptly deliver to Buyer any other reasonable financial information related to the Systems requested by Buyer. Prior to Closing, Seller will provide prompt notice to Buyer of any change in accounting principles or practices with respect to the Business or revaluation by Seller of the Assets for financial reporting, property tax or other purposes.

6.2.5. Within 30 days after the date of this Agreement, or with respect to items that are prepared, filed or received by Seller after the date hereof, within 5 Business Days after the date of preparation, filing or receipt, Seller will provide to Buyer true and complete copies of each of the following items (unless previously provided):

(i) each Franchise and License related to the Systems;

(ii) all pending applications relating to any Franchise or License pending before any Governmental Authority;

(iii) a list setting forth the expiration date of all Franchises, Licenses, Authorizations and permits listed on SCHEDULE 4.5;

(iv) any pending notice received from any Governmental Authority that it has determined or intends to terminate, modify or deny renewal of any Franchise to which Seller is a party;

(v) all pending requests for renewal with respect to any Franchise filed under Section 626 of the Communications Act;

(vi) any relevant documentation supporting an exemption from the rate regulation provisions of the 1992 Cable Act claimed by Seller with respect to the Systems;

(vii) the most recent applicable FCC Forms 328, 329, 393, 1200, 1205, 1210, 1215, 1220, 1235 and 1240 and other FCC rate forms (collectively, the "FCC Rate Forms"), if any, filed with any Governmental Authority with respect to any of the Systems;

(viii) all historical FCC Rate Forms filed with any Governmental Authority with respect to any of the Systems where there is a rate issue pending (including any accounting order or rate order on appeal);

(ix) all other reports, filings and correspondence made or filed with the FCC or pursuant to the FCC rules and regulations filed after the date which is one year prior to the date of this Agreement;

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(x) all complaints, petitions, answers, responses and other filings made with or by any Governmental Authority in connection with any rate orders issued by such Governmental Authority or any appeal therefrom with respect to any Franchise or any System;

(xi) all documentation relating to any System with respect to the carriage of broadcast signals under current must-carry and retransmission consents;

(xii) any social contract entered into with the FCC in respect of any System with regard to rate regulation, subscriber refunds and other matters;

(xiii) all reports, filings and correspondence with respect to any System made or filed with the U.S. Copyright Office or pursuant to the U.S. Copyright Office rules and regulations on or after the date which is three years prior to the date of this Agreement;

(xiv) a schedule setting forth the ownership, height (with and without appurtenances), location (address, latitude, longitude and ground elevation), structure type and FCC call signs of each tower used in connection with the operation of the Systems;

(xv) all available Federal Aviation Administration ("FAA") final determinations (if applicable) and FCC registrations for all such towers;

(xvi) all Contracts and Real Property agreements related to the Systems;

(xvii) a list of all headends, Franchises and unfranchised communities indicating the number of basic subscribers served in each; and

(xviii) a schedule setting forth (i) the cities, towns, villages, boroughs and counties served by each system; (ii) the approximate number of single family and residential and commercial MDUs passed by each Franchise and System; and (iii) the FCC CUID numbers for each Franchise.

6.2.6. Each month, Seller will deliver to Buyer, a schedule indicating the then current status of the Required Consents marked with an asterisk on SCHEDULE 4.3 and what action has been taken by Seller with respect to obtaining such Required Consents. Beginning 60 days after the date of this Agreement, Seller will provide weekly updates (by telephone, electronic mail or in writing) to Buyer regarding the status of such Required Consents.

6.2.7. Seller will use its commercially reasonable efforts to challenge and contest any litigation brought against or otherwise involving Seller that could result in the imposition of Legal Requirements that could cause the conditions to the Closing not to be satisfied, or to settle such litigation. Seller

will not, without Buyer's consent enter into any settlement of any litigation that will bind Buyer or any System to any material obligation following the Closing, impose any liability on Buyer following the Closing or otherwise breach any representation or covenant contained in this Agreement.

6.2.8. Seller will cause its appropriate Affiliates to be bound by and comply with the provisions of this Section 6.2 to the extent such Affiliates own, operate or manage any of the Assets or Systems.

6.2.9. In the event that Seller is notified of any proposal with respect to the creation, deletion or modification of any so called "open access" provision that would be applicable to any System, whether imposed by a Franchise, state or local law, or state or local regulation, mandating that the franchisee permit one or more Internet service providers that are not affiliated with the franchisee to offer service over the franchisee's System facilities, Seller will provide Buyer with notice of such proposal, will provide Buyer with information regarding such proposal as Buyer reasonably requests, and will permit Buyer to provide input to AT&T regarding AT&T's negotiations and discussions with respect to such proposal.

6.3. Employee Matters.

6.3.1. Except as set forth in this Section 6.3.1, Buyer may, but will have no obligation to, employ or offer employment to, any or all System Employees. Within 30 days after the date of execution of this Agreement, Seller will provide to Buyer a schedule of all System Employees by work location as of a recent date, showing the original hire date, the then-current positions and rates of compensation, rate type (hourly or salary) and scheduled hours per week, and whether the employee is subject to an employment agreement, a collective bargaining agreement or represented by a labor organization (the "System Employee Schedule"). Buyer will maintain the System Employee Schedule in strict confidence. The System Employee Schedule will be updated as necessary to reflect new hires or other personnel changes. Within 60 days after receipt of the System Employee Schedule, or such other date as the parties may agree, Buyer will provide Seller in writing a schedule of the System Employees Buyer will offer to employ following the Closing (the "Offer/No Offer Schedule"), subject only to the pre-hire evaluations permitted by this Section 6.3.1. Buyer will provide in writing notification of such offer, subject only to the pre-hire evaluations permitted by this Section 6.3.1, to each System Employee included on the Offer/No Offer Schedule no later than 30 days prior to the Closing. Seller agrees, and will cause its appropriate Affiliates, to cooperate in all reasonable respects with Buyer to allow Buyer or its Affiliates to evaluate its System Employees to make hiring decisions. In this regard, Buyer will have the opportunity to make such appropriate pre-hire investigation of the System Employees, as Buyer deems necessary, including the right to review personnel files and the right to interview such employees during normal working hours so long as such interviews are conducted after notice to Seller and do not

unreasonably interfere with Seller's operations and such investigations and interviews do not violate any Legal Requirement. Seller agrees, and will cause its appropriate Affiliates, to cooperate in all reasonable respects with Buyer to allow Buyer or its Affiliates to evaluate its System Employees to make hiring decisions so long as Buyer provides notice to Seller and such evaluation does not unreasonably interfere with Seller's operations and such evaluations do not violate any law or Contract. All offers for initial employment with Buyer will be for employment with substantially similar responsibilities at a geographic location within a 35-mile radius of such System Employee's primary place of employment and same base compensation such System Employee is receiving as of the Closing Date. Seller acknowledges that nothing in this Agreement will restrict Buyer from changing a Hired Employee's job description, responsibilities, location, salary or benefits following the Closing. To the extent consent is required by applicable law, Seller will use good faith efforts to obtain the consent of each of its System Employees to allow Buyer to review personnel files in connection with the foregoing. Buyer or its Affiliates may, if it wishes, condition any offer of employment upon the employee's passing a pre-employment drug screening test, the completion of a satisfactory background check and, if the employee is on Approved Leave of Absence, upon the employee's return to active service (with or without reasonable accommodations) within 12 weeks after the Closing Date or, if earlier, on the first Business Day following expiration of the employee's Approved Leave of Absence. For purposes of this Agreement, employees on "Approved Leave of Absence" means employees absent from work on the Closing Date and unable to perform their regular job duties by reason of illness or injury under approved plans or policies of the employer (other than employee's absence for less than five days due to short term illness or injury not requiring written approval by the employer) or otherwise absent from work under approved or unpaid leave policies of the employer. Buyer will bear the expense of such examination but Seller will, upon reasonable notice, cooperate in the scheduling of such examinations so long as the examinations do not unreasonably interfere with Seller's operations. The selection of employees to be offered employment by Buyer will be made at the sole and absolute discretion of Buyer. As of the Closing Date, Buyer will have no obligation to Seller, its Affiliates or to the Seller's employees, with regard to any employee it has determined not to hire. As of the Closing Date, Seller will, and will cause its appropriate Affiliates to, terminate the employment of all System Employees that are hired by Buyer or its Affiliates (the "Hired Employees") as of the Closing Date. Notwithstanding any of the foregoing, from the date hereof until the Closing, and other than in connection with offers of employment to such employees to take effect at the Closing, Buyer agrees not to solicit for employment prior to the Closing (other than through general advertisements), without the written consent of the other, any System Employee.

6.3.2. As of the Closing Date, Seller will be responsible for and will cause to be discharged and satisfied in full or, with respect to Seller Plans, will have adequately funded or reserved for, all amounts due and owing to each System Employee (whether or not such employees are hired by Buyer as of or

after the Closing) with respect to and in accordance with the terms of all compensation plans or Seller Plans, including without limitation, any compensation including salaries, commissions, deferred compensation, severance (if applicable), insurance, pension, profit sharing, disability payment, medical, sick pay, holiday, accrued and unused vacation in excess of the amount Buyer assumes pursuant to this Section, payments under any incentive compensation or bonus agreement, in each case, which has accrued on or prior to the Closing Date and other compensation or benefits to which they are entitled for periods prior to the Closing Date (and, for Employees on Approved Leave of Absence, until their termination by Seller, or its appropriate Affiliate, or their employment by Buyer, or its appropriate Affiliate, as set forth in Section 6.3.1). Seller will satisfy any legal obligation with respect to continuation of group health coverage required pursuant to Section 4980B of the Code or Section 601, et seq., of ERISA with respect to all System Employees whose employment with Seller or any of Seller's ERISA Affiliates terminates on or before the Closing Date. Any liability under the Worker Adjustment and Retraining Notification Act, 29 U.S.C. Section 2101, et seq. ("WARN") with regard to any employee terminated on or prior to the Closing Date, or not hired by Buyer on or after the Closing Date, will, as a matter of contract between the parties, be the responsibility of Seller. Buyer will cooperate with Seller and Seller's Affiliates, if requested, in the giving of WARN notices on behalf of the other party.

6.3.3. Buyer and Seller hereby acknowledge and agree that, pursuant to the authority of Revenue Ruling 2000-27, the transactions contemplated by this Agreement will result in a permissible distribution event under Section 401(k) of the Code from any Seller Plan designed to satisfy the requirements of Section 401(k) of the Code.

6.3.4. Except as otherwise expressly provided pursuant to the terms of this Agreement, Buyer will not have or assume any obligation or liability under or in connection with any Seller Plan. In regard to any System Employee on an Approved Leave of Absence, such responsibility for benefit coverage of such System Employee, and liability for payment of benefits, will remain that of Seller, or the appropriate Affiliate of Seller, until such employee becomes an employee of the Buyer after the Closing pursuant to Section 6.3.1 or is terminated by Seller or its appropriate Affiliate. For purposes of this Agreement, the following claims and liabilities will be deemed to be incurred as follows: (i) medical, dental and/or prescription drug benefits upon the rendering of the medical, dental, pharmacy or other services giving rise to the obligation to pay such benefits except with respect to such benefits provided in connection with a continuous period of hospitalization, which will be deemed to be incurred at the time of admission to the hospital; (ii) life, accidental death and dismemberment and business travel accident insurance benefits and workers' compensation benefits, upon the occurrence of the event giving rise to such benefits; and (iii) salary continuation or other short-term disability benefits, or long-term disability, upon commencement of the disability giving rise to such benefit.

6.3.5. (a) Notwithstanding anything to the contrary herein, Buyer will:

(i) upon receipt of a schedule showing the vacation balances and value of such balances of each Hired Employee (as defined below), which schedule will be delivered by Seller to Buyer within 10 days after the Closing, credit each Hired Employee the amount of vacation time (but not sick time) permitted to be accrued by employees of Buyer in accordance with Buyer's standard practices (to a maximum of four weeks) accrued and unused by him or her as a System Employee through and including the Closing Date to the extent Buyer has received an adjustment to the Purchase Price therefor; provided, however, that if any Hired Employee has accrued vacation time in excess of the amount transferred to Buyer, then Seller will, and will cause its appropriate Affiliate to, pay to such employee the amount of such excess and Buyer will not assume any liability or obligation in respect of such excess;

(ii) give each Hired Employee credit for such employee's past service with Seller and its Affiliates as of the Closing Date as reflected on the System Employee Schedule (which may include past service with any prior owner or operator of the Systems) ("Past Service") for purposes of eligibility to participate in Buyer's employee welfare benefit (including medical, dental, flexible spending accounts, accident, life insurance plans and programs, disability plans, and other employee welfare benefits) plans (the "Buyer's Welfare Plans") that are generally available to similarly situated employees of Buyer and such employees' dependents;

(iii) give each Hired Employee credit for such employee's Past Service for purposes of participation and vesting under Buyer's employee 401(k) plan, provided that Buyer will not be obligated to establish a special entry date under such plan for Hired Employees;

(iv) give each Hired Employee credit for such employee's Past Service with Seller and its Affiliates as of the Closing Date for any waiting periods under Buyer's Welfare Plans that are generally available to similarly situated employees of Buyer and except to the extent any Hired Employees were subject to any limitations on benefits for any preexisting conditions or requirements for evidence of insurability under Seller's Plans, not subject any Hired Employees to such limitations, provided that the treatment is covered under Buyer's group health plans; and

(v) credit each Hired Employee under any Buyer group health plan for any deductible amount and out of pocket expenses and similar limits applicable and previously met by such Hired Employee as of the Closing Date under any of the group health plans of Seller or its Affiliates for the plan year in which the transfer of employment occurs.

(b) Notwithstanding anything set forth in Section 6.3.5(a), Buyer will have no obligation to System Employees who are Employees on Approved Leave of Absence until they become employees of Buyer pursuant to Section 6.3.1 hereof.

6.3.6. If Buyer discharges any Hired Employee without cause within 90 days after the Closing Date, then Buyer will pay severance pay to such Hired Employee in accordance with Seller's severance benefit plan in effect as of the Closing, taking into account such Hired Employee's Past Service as well as such Hired Employee's period of employment with Buyer for purposes of calculating severance pay under such plan. Seller will reimburse Buyer upon request if and to the extent such severance pay exceeds the severance pay that would have been payable under Seller's severance benefit plan in effect as of the date of this Agreement. Following such 90-day period, each Hired Employee will be covered under the Buyer's severance benefit plan and Buyer will count the period of employment with Buyer as well as such Hired Employee's Past Service for purposes of calculating benefits under such plan. For purposes of this Agreement, "cause" means (a) conviction (including a plea of guilty or nolo contendere) of a crime involving theft, fraud, dishonesty or moral turpitude, (b) intentional or grossly negligent disclosure of confidential or trade secret information of Buyer (or any of its Affiliates) to anyone who is not entitled to receive such information; (c) gross omission or gross dereliction of any statutory or common law duty of loyalty to Buyer or any of its Affiliates; (d) willful violation of Buyer's code of conduct or other written policies or procedures; or (e) repeated failure to carry out the duties of the employee's position despite specific instruction to do so.

6.3.7. If Seller has, or acquires, a duty to bargain with any labor organization with respect to any of System Employees, then Seller will (i) give prompt written notice of such development to Buyer, including notice of the date and place of any negotiating sessions as they are planned or contemplated and permit Buyer to have a representative present at all negotiating sessions with such labor organization and at all meetings preparatory thereto (including making Buyer's representative a representative of Seller's delegation if required by the labor organization), and (ii) not, without Buyer's written consent, enter into any contract with such labor organization that purports to bind Buyer, including any successor clause or other clause that would have this purpose or effect. Seller acknowledges and agrees that Buyer has not agreed to be bound, and will not be bound, without an explicit assumption of such liability or responsibility by Buyer, by any provision of any collective bargaining agreement or similar contract with any labor organization to which Seller or any its Affiliates is or may become bound. Except as may be required on the part of Seller or its Affiliates by operation of law or under the Neutrality and Consent Agreement effective July 1, 1999 by and among CWA, IBEW and certain business operating units and divisions of AT&T Corp. and modified effective May 10, 2000, and September 21, 2000 (as so modified, the "NCE Agreement") (a true, correct and complete copy of which, including modifications, has been

provided to Buyer, and then only upon written notice to Buyer of any proposed action or non-action and after consultation in good faith with Buyer, Seller will take no action or engage in any inaction which might obligate or require Buyer to recognize or bargain with any labor organization on behalf of Systems Employees. Nothing in this Section 6.3.7 will be deemed a waiver of Seller's attorney-client privilege.

6.3.8. Nothing in this Section 6.3 or elsewhere in this Agreement will be deemed to make any employee of Seller a third party beneficiary of this Agreement.

6.4. Leased Vehicles; Other Capital Leases. Seller will pay the remaining balances on any leases for vehicles or capital leases included in the Equipment and will deliver title to such vehicles and other Equipment free and clear of all Encumbrances (other than Permitted Encumbrances) to Buyer at the Closing.

6.5. Consents.

6.5.1. Prior to the Closing, Seller will use commercially reasonable efforts to obtain in writing, as promptly as possible and at its expense, all the Required Consents, in form and substance reasonably satisfactory to Buyer and will deliver to Buyer copies of such Required Consents after they are obtained by Seller; provided, that Seller will use a form of letter or application prepared by Buyer (subject to reasonable review and comment by Seller); provided that in no event will Seller request the consent of any Third Party or Affiliate later than 45 days following the date hereof. All documents delivered or filed with any Governmental Authority or any Person by or on behalf of Seller pursuant to this Section 6.5, when so delivered or filed, will be correct, current and complete in all material respects. Buyer will cooperate with Seller to obtain all Required Consents, but Buyer will not be required to accept or agree or accede to any modifications or amendments to, or changes in, or the imposition of any condition to the transfer to Buyer of any Contract, Franchise or written instrument evidencing Real Property that are not reasonably acceptable to Buyer. Prior to the Closing, Seller will (i) use commercially reasonable efforts to give any notices required by the terms of the Contracts, Franchises, Real Property agreements and Licenses to be given prior to Closing and (ii) cooperate in good faith with Buyer in connection with requests for consents (other than Required Consents) required by the terms of the Contracts, Franchises, Real Property agreements and Licenses to be obtained. Notwithstanding the foregoing, Buyer will comply with the reasonable requests of Seller and, to the extent required, negotiate in good faith with any Third Party, as commercially reasonable for Seller to assign to Buyer in part the rights and obligations under any master Contract disclosed on SCHEDULE 4.6.

6.5.2. Notwithstanding the provisions of Section 6.5.1, Seller will not have any further obligation to obtain Required Consents: (a) with respect to

Contracts relating to pole attachments where the licensing party will not, after Seller's exercise of commercially reasonable efforts, consent to an assignment of such Contract but requires that Buyer enter into a new agreement with such licensing authority, in which case Buyer will use its commercially reasonable efforts to negotiate such an agreement prior to (but contingent on) the Closing or as soon as practicable thereafter and Seller will cooperate with and assist Buyer in obtaining such agreements; (b) for any business radio license which Seller reasonably expects can be obtained within 120 days after the Closing and so long as such business radio license is eligible for automatic special temporary authorization under FCC rules with respect thereto; and (c) with respect to leased Real Property, if Seller obtains and makes operational prior to Closing substitute leased Real Property that is reasonably satisfactory to Buyer and on terms reasonably satisfactory to Buyer.

6.5.3. If and to the extent that Seller fails to obtain all Required Consents identified with an asterisk (*) on SCHEDULE 4.3 (except Required Consents for the transfer of Franchises which will be governed by Section 6.5.4) on or prior to the Closing (whether or not Buyer will have waived satisfaction of the condition to Closing set forth in Section 7.2.4), then, for a period of 15 months following the Closing, Seller with respect to such Systems and Assets will continue to use commercially reasonable efforts to obtain in writing as promptly as possible such Required Consents and will deliver copies of the same, reasonably satisfactory in form and substance, to Buyer.

6.5.4. If all of the conditions to the Closing have been met and the parties have not received 100% of the Required Consents for Franchises, then, at the Closing, Seller will transfer, convey and assign to Buyer all of the Assets, and the Closing will occur with respect to all of the Assets, other than (a) any Franchises for which Required Consents have not been obtained (the "Retained Franchises"), and (b) any Assets that are located in the Franchise area for such Retained Franchises and that relate exclusively to such Retained Franchises (together with the Retained Franchises, the "Retained Assets"). The portion of the Purchase Price to be given as consideration for the Retained Assets (which portion will be calculated as a pro rata portion of the Purchase Price based on the number of Equivalent Basic Subscribers in the Service Areas covered by the Retained Franchises), but in any event not to exceed 30% of the Purchase Price (the "Retained Purchase Price") will be deposited in escrow with the Escrow Agent pursuant to an escrow agreement substantially in the form of EXHIBIT B. Following the Closing, the parties will continue to use commercially reasonable efforts to obtain Required Consents for any Retained Franchises in accordance with the terms of this Agreement for a period of 120 days. Within 10 Business Days after obtaining the Required Consent for a Retained Franchise, or upon the expiration of 120 days after the Closing, whichever will first occur, Seller will transfer, convey and assign the Retained Assets relating to such Retained Franchise to Buyer and the Parties will cause the Escrow Agent to deliver to Seller the Retained Purchase Price (or portion thereof related to the Retained Assets being transferred) and all interest accruing thereon. Prior to the Closing,

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Buyer and Seller will negotiate in good faith to reach agreement on a management agreement pursuant to which Buyer will manage all Retained Assets (except to the extent such management will cause either Party to violate any Legal Requirement), which management agreement will also contain any required signal sharing arrangements (the "Retained Assets Management Agreement"). The Parties will negotiate in good faith to resolve the operation of any Retained Assets that may not, pursuant to applicable Legal Requirement, be managed by Buyer pursuant to the foregoing. The Retained Assets Management Agreement will provide that Buyer will bear all expenses relating to the Retained Assets and the operation thereof and will receive the net cash flow from the Retained Assets as its management fee. The Retained Assets Management Agreement will provide that its term will continue with respect to each Retained Asset until Seller transfers such Retained Asset to Buyer in accordance with this Section 6.5.4. The adjustments pursuant to Section 3.2 will be made as of the Closing Date for the Retained Assets as if they were transferred on the Closing Date. In addition, Buyer will become liable for the Assumed Obligations and Liabilities with respect to the Retained Assets as of the Closing Date, and all representations and warranties (except as to those Required Consents that have not been obtained) made in connection with the Retained Assets will be made as of the Closing Date rather than any subsequent transfer date. Buyer may further make any indemnification claims permitted under Section 10 with respect to the Retained Assets as though the Retained Assets were transferred at the Closing. If the provisions of this Section 6.5.4 become operative, the parties agree to use commercially reasonable efforts and act in good faith in taking such actions and negotiating such additional provisions or other agreements, including amendments to this Agreement, as may be necessary or appropriate to carry out the intent of this Section 6.5.4. Buyer and Seller will each pay one-half of the expense of defending any legal challenges alleging the premature, unlawful or invalid transfer of any of the Retained Franchises, including reasonable attorneys' fees and consultants' fees; provided, however, that the actual amount of any judgments obtained by a Governmental Authority resulting from (a) the transfer of any Retained Assets, Retained Franchise, or actual working control of either without proper consent or (b) any action taken by Buyer as manager of the Retained Assets; and further provided that any amounts paid to reinstate any Retained Franchise revoked as a result of either such event will be borne solely by Buyer. If a Retained Franchise is revoked for any reason, there will be no compensation or other remuneration paid by any party to another party as a result of such revocation.

6.5.5. Buyer will prepare and deliver to Seller no later than the date of this Agreement, Buyer's portion of FCC Forms 394 with respect to each Franchise for which a Required Consent must be obtained as set forth on SCHEDULE 4.3. Seller will prepare Seller's portion of such Forms for each such Franchise on or before the date of this Agreement. Seller and Buyer will cooperate in the preparation of such Forms and will execute such Forms and Seller will deliver them to the appropriate Governmental Authority on or before February 28, 2001. In connection with such delivery, Seller will request and

retain proofs of delivery and will promptly deliver copies of such proofs to Buyer. Without the prior consent of Buyer, Seller will not agree with any Governmental Authority to extend or to toll the time limits applicable to such Governmental Authority's consideration of any FCC Form 394 filed with such Governmental Authority. Seller will use commercially reasonable efforts to (i) provide advance notice to Buyer of any meetings or conferences (whether in person or by conference call) with Governmental Agencies concerning such Forms, and (ii) to permit Buyer to participate in such meetings or conferences on its own behalf.

6.5.6. Prior to the Closing and subject to Section 6.2, Seller will use commercially reasonable efforts to obtain a renewal or extension of any Franchise (for a period expiring no earlier than three years after the Closing Date) for which a valid notice of renewal pursuant to the formal renewal procedures established by Section 626 of the Communications Act has not been timely delivered to the appropriate Governmental Authority (as identified in SCHEDULE 4.9) and no written confirmation has been received from such Governmental Authority that the procedures established by Section 626 of the Communications Act nonetheless will be applicable with respect to the renewal or extension of such Franchise.

6.6. Title Commitments and Surveys. After the execution of this Agreement, Buyer may obtain, at its sole expense, (a) commitments for owner's title insurance policies on all Real Property owned by Seller and on easements which provide access to each such parcel of Real Property, and (b) an ALTA survey on each parcel of Real Property for which a title insurance policy is to be obtained. Seller will provide reasonable assistance in connection with Buyer obtaining such commitments and surveys, as Buyer may request from time to time. All such commitments and surveys will be obtained within 60 days of the date of this Agreement. If Buyer notifies Seller in writing within 15 days after the date Buyer receives the commitment or survey with respect to a parcel of owned or leased Real Property that the commitment or survey discloses a condition that constitutes a breach, or any facts which could be reasonably expected to result in a breach, of the representations of Seller contained in Section 4.7 or any condition that would prohibit Seller from transferring title to such Real Property free and clear of Encumbrances (other than Permitted Encumbrances), then Seller will promptly commence further investigation and use commercially reasonable efforts to at its expense to cure the condition prior to Closing. If Seller, having used such commercially reasonable efforts, is unable to cure the condition prior to Closing and Closing will occur, then any claim for indemnification that Buyer may have with respect to the condition may be brought without the requirement that such claims meet or exceed the Threshold Amount. Seller agrees to provide Buyer's title company with a standard form of indemnification for any mechanic's or materialmen's lien affecting such Real Property which is not an Assumed Obligation and Liability.

6.7. HSR Notification. As soon as practicable after the execution of this Agreement, but in any event no later than 30 days after such execution, Seller and Buyer will each complete and file, or cause to be completed and filed, any notification and report required to be filed under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended (the "HSR Act"), with respect to the transactions contemplated by this Agreement; and each such filing will request early termination of the waiting period imposed by the HSR Act. The parties will use their commercially reasonable efforts to respond as promptly as reasonably practicable to any inquiries received from the Federal Trade Commission (the "FTC") and the Antitrust Division of the Department of Justice (the "Antitrust Division") for additional information or documentation and to respond as promptly as reasonably practicable to all inquiries and requests received from any other Governmental Authority in connection with antitrust matters. Each party will cooperate to prevent inconsistencies between their respective filings and between their respective responses to all such inquiries and requests, and will furnish to each other such necessary information and reasonable assistance as the other may reasonably request in connection with its preparation of necessary filings or submissions under the HSR Act. The parties will use their respective commercially reasonable efforts to overcome any objections which may be raised by the FTC, the Antitrust Division or any other Governmental Authority having jurisdiction over antitrust matters. Notwithstanding the foregoing, neither Buyer nor Seller will be required to make any significant change in the operations or activities of their respective business (or any material assets employed therein) or that of any of their respective Affiliates, if such party determines in good faith that such change would be materially adverse to the operations or activities of such business (or any material assets employed therein), provided such business has significant assets, net worth, or revenue. Each party will pay its own filing fees under the HSR Act in connection with the transactions contemplated by this Agreement.

6.8. Notification of Certain Matters. Seller will promptly notify Buyer of any fact, event, circumstance or action (a) which, if known on the date of this Agreement, would have been required to be disclosed to Buyer pursuant to this Agreement or (b) the existence or occurrence of which would cause any of Seller's representations or warranties under this Agreement not to be correct and complete as of the Closing Date.

6.9. Risk of Loss; Condemnation.

6.9.1. Seller will bear the risk of any loss or damage to the Assets resulting from fire, theft or other casualty (except reasonable wear and tear) at all times prior to the Closing. If any such loss or damage is so substantial as to prevent normal operation of any material portion of the Systems or the replacement or restoration of the lost or damaged property within 45 days after the occurrence of the event resulting in such loss or damage, Seller will immediately notify Buyer of that fact and Buyer, at any time within 10 days after receipt of such notice, may elect by written notice to Seller either (a) to waive

such defect and proceed toward consummation of the transactions contemplated by this Agreement in accordance with terms of this Agreement or (b) terminate this Agreement. If Buyer elects so to terminate this Agreement, Buyer and Seller will be discharged of any and all obligations hereunder. If Buyer elects to consummate the transactions contemplated by this Agreement notwithstanding such loss or damage and does so, there will be no adjustment in the consideration payable to Seller on account of such loss or damage, but all insurance proceeds payable as a result of the occurrence of the event resulting in such loss or damage will be delivered by Seller to Buyer, or the rights to such proceeds will be assigned by Seller to Buyer if not yet paid over to Seller.

6.9.2. If, prior to the Closing, all or any part of or interest in the Assets is taken or condemned as a result of the exercise of the power of eminent domain, or if a Governmental Authority having such power informs Seller or Buyer that it intends to condemn all or any part of the Assets (such event being called, in either case, a "Taking"), then (a) Buyer will have the sole right, in the name of Seller, if Buyer so elects, to negotiate for, claim, contest and receive all damages with respect to the Taking, (b) Seller will be relieved of its obligation to convey to Buyer the Assets or interests that are the subject of the Taking, (c) at the Closing, Seller will assign to Buyer all of Seller's rights to all damages payable with respect to such Taking and will pay to Buyer all damages previously paid to Seller with respect to the Taking, and (d) following the Closing, Seller will give Buyer such further assurances of such rights and assignment with respect to the Taking as Buyer may from time to time reasonably request. The foregoing will not affect or limit the scope of any representation or warranty of Seller in this Agreement or limit Buyer's right to rely on such representation or warranty as a condition of Closing to the extent set forth in this Agreement.

6.10. Transfer Taxes; Ad Valorem Obligations.

6.10.1. Any state or local sales, use, transfer, or documentary transfer Taxes or fees or any other charge imposed by any Governmental Authority (other than any of Seller's income, franchise, gross receipts, corporation, excess profits, rental, devolution, or payroll tax by whatsoever authority imposed or howsoever designated) arising from or payable by reason of the transfer of the Assets contemplated by this Agreement will be borne equally by Buyer and Seller. Tax returns required to be filed in respect of Transfer Taxes ("Transfer Tax Returns") will be prepared and filed by the party that has the primary responsibility under applicable law for filing such Transfer Tax Returns. If neither party has primary responsibility for filing a Transfer Tax Return, then Seller will be responsible for preparing and filing any such Transfer Tax Return.

6.10.2. Each party hereto will cooperate in assuring that all real property taxes, personal property taxes and similar ad valorem obligations that are levied with respect to the Assets or the Business for assessment periods

in which the Closing Date occurs and are otherwise not accounted for in the adjustment to Purchase Price set forth in Section 3.2 of the Agreement or excluded pursuant to Section 2.2(w) (collectively, the "Apportioned Obligations") and any refund or rebate thereof, will be apportioned between Seller and Buyer as of the Closing Date based on the number of days in any such period falling on or before the Closing Date, on one hand, and after the Closing Date, on the other hand (it being understood that Seller is responsible for the portion of each such Apportioned Obligation attributable to the number of days from the most recent lien date to and including the Closing Time and Buyer is responsible for the portion of each such Apportioned Obligation attributable to the period after the Closing Time). An adjustment will be made to the Purchase Price to reflect any payment of Apportioned Obligations that have been made by Seller on or prior to the Closing Date that are apportioned to Buyer hereunder. The parties hereto will cooperate, including during times of audit by taxing Governmental Authorities, to avoid payment of duplicate or inappropriate Taxes or other ad valorem obligations of any kind or description which related to the Assets or the Business, and each party will furnish, at the request of the other, proof of payment of any such Taxes or ad valorem obligations or other documentation that is a prerequisite to avoiding payment of a duplicate or inappropriate Tax or other ad valorem obligations.

6.11. Updated Schedules. Not less than 10 Business Days prior to the Closing, Seller will deliver to Buyer revised copies of the Schedules to this Agreement, which will have been updated and marked to show any changes occurring between the date of this Agreement and the date of delivery. Seller will update all Schedules, regardless of whether the original Schedule is as of a certain date; provided that SCHEDULE 4.16 will be updated to a reasonable date between the date of this Agreement and the Closing Date. Such updates are for informational purposes only, and for purposes of determining whether Seller's representations, warranties and covenants in this Agreement are true and correct at Closing, all references to the Schedules will mean the version of the Schedules attached to this Agreement on the date of signing. Notwithstanding the foregoing, if the effect of any such updates to Schedules is to disclose any one or more additional properties, privileges, rights, interests or claims, in each case acquired after the date of this Agreement ("New Properties") as Assets that would have been (if owned on the date of this Agreement) required by this Agreement to have been disclosed by Seller in its original Schedules and that were acquired by Seller after the date of this Agreement in breach of this Agreement, then Buyer, at or before Closing, will have the right (to be exercised by written notice delivered to Seller at least two days prior to the Closing Date) to cause any one or more of such New Properties to be designated as and deemed to constitute Excluded Assets for all purposes under this Agreement. Notwithstanding anything to the contrary contained in this Agreement, and except as set forth in the preceding sentence with respect to New Properties, the waiver of any condition to Closing by a party who has knowledge of a breach by the other party will not be deemed a waiver of any rights and remedies with respect to such breach under this Agreement.

6.12. Use of Seller's Name. Seller and its Affiliates will retain all rights with respect to the names "AT&T," "Tele-Communications, Inc." and "TCI" or any and all derivations thereof after the Closing. Buyer will remove or delete such names or any and all derivations thereof from the Business and Assets as soon as reasonably practicable, but in any event by the 120th day following the Closing. Seller and its Affiliates will take no action to enforce their intellectual property rights in such names during such 120-day period, provided Buyer complies with the terms of this Section 6.12 Notwithstanding the foregoing, nothing in this Section 6.12 will require Buyer to remove or discontinue using any such name or mark that is affixed to converters or other items in customer homes or properties on the Closing Date, or as are used in a similar fashion which makes such removal or discontinuation impracticable.

6.13. Transitional Billing Services. Seller will provide to Buyer, upon request, access to and the right to use its billing system computers, software and related fixed assets in connection with the Systems for a period of up to six months following the Closing to allow for conversion of existing billing arrangements, including billing and related arrangements regarding internet access services being provided to customers of a System on the Closing Date ("Transitional Billing Services"). Buyer will notify Seller at least 30 days prior to the Closing as to whether it desires Transitional Billing Services from Seller. All Transitional Billing Services, if any, that are requested by Buyer will be provided on terms and conditions reasonably satisfactory to each party; provided, however, that the amount to be paid by Buyer for such Transitional Billing Services will not exceed the out-of-pocket cost to Seller of providing such Transitional Billing Services. Seller will notify Buyer of the cost to Seller of providing such Transitional Billing Services within 10 Business Days after receiving Buyer's notice requesting the provision of such Transitional Billing Services.

6.14. Transition of High Speed Data Services. Seller will provide to Buyer, upon request, transitional services for a period of up to six months following the Closing to allow for conversion of existing high speed data services provided by the Systems, which services may include billing, technical and customer support ("Transitional HSD Services"). Buyer will notify Seller at least 60 days prior to the Closing as to whether it desires Transitional HSD Services from Seller. All Transitional HSD Services, if any, and the scope of such Transitional HSD Services that are requested by Buyer will be provided on terms and conditions reasonably satisfactory to each party; provided, however, that the amount to be paid by Buyer for such Transitional HSD Services will not exceed the out-of-pocket cost to Seller of providing such Transitional HSD Services.

6.15. Certain Notices. Seller will duly and timely file a valid request for renewal under Section 626 of the Communications Act with the proper Governmental Authority with respect to all Franchises of the Business that will

expire within 33 months after any date between the date of this Agreement and the Closing Date.

6.16. Satisfaction of Conditions. Each party will use commercially reasonable efforts to satisfy, or to cause to be satisfied, the conditions to the obligations of the other party to consummate the transactions contemplated by this Agreement, as set forth in Section 7, by no later than June 15, 2001.

6.17. Bulk Transfers. Buyer and Seller each waive compliance by the other with Legal Requirements relating to bulk transfers that may be applicable to the transactions contemplated hereby.

6.18. Programming Matters. Buyer will execute and deliver to Seller such documents and take such actions as may be reasonably requested by Seller to comply with the requirements of Seller's programming Contracts and channel line-up requirements with respect to divestitures of cable television systems. Seller will execute and deliver such documents as may be reasonably requested by Buyer to comply with the requirements of Buyer's programming Contracts and channel line-up requirements with respect to acquisitions of cable television systems. Neither party will be required to make any payments to the other's programmers in the fulfillment of its obligations under this Section 6.18; provided, however, that Buyer will not be required to provide specific programming or channels or to assume any liability with respect to or in connection with the programming agreements of Seller or any of its Affiliates.

6.19. Cooperation as to Rates and Fees.

6.19.1. After the Closing, notwithstanding the terms of Section 10.4, Buyer will have the right at its own expense to assume control of the defense of any rate proceeding with respect to the Systems that remains pending as of the Closing or that arises after the Closing but relates to the pre-Closing operation of the Systems. Buyer will promptly notify Seller regarding the commencement of any such rate proceeding relating to the pre-Closing operation of the Systems. In any such rate proceeding involving the Systems, Seller will cooperate in such proceeding and promptly deliver to Buyer all information reasonably requested by Buyer as necessary or helpful in such proceeding.

(a) If Buyer elects to assume control of the defense of any such rate proceeding, then (i) Seller will have the right to participate, at its expense, in the defense in such rate proceeding, and (ii) Buyer will have the right to settle any rate proceeding relating to the pre-Closing operation of the Systems unless under such settlement Seller would be required to bear liability with respect to the pre-Closing time period, in which event such settlement will require Seller's prior written consent, which consent will not be unreasonably withheld, conditioned or delayed.

(b) If Buyer does not elect to assume control of the defense of any such rate proceeding, then (i) Buyer will have the right to participate, at its expense, in the defense in such rate proceeding, and (ii) without the prior consent of Buyer (which will not be unreasonably withheld, conditioned or delayed), Seller will not settle such rate proceeding if such settlement would require Buyer to bear any liability or would adversely affect the rates to be charged by Buyer. In any such rate proceeding involving the Systems, Buyer will cooperate in such proceeding and promptly deliver to Seller all information in its possession that is reasonably requested by Seller as necessary or helpful in such proceeding.

6.19.2. Prior to Closing, Seller will not settle or permit to be settled any rate proceeding with respect to the Systems or Franchises without the consent of Buyer, which consent will not be unreasonably withheld or delayed, unless the proposed settlement includes injunctive or other relief that adversely affects the Assets or its ability to operate such Systems substantially in the manner in which they are operated on the date of this Agreement (other than changing the rates in question), in which case consent may be withheld or delayed in Buyer's sole discretion.

6.19.3. If Seller is required, following the Closing, pursuant to any Legal Requirement, settlement or otherwise, to reimburse or provide in-kind or another form of consideration to any subscribers of the Systems in respect of any subscriber payments previously made by them, including fees for cable television service, equipment charges, late fees and similar payments, Buyer agrees that it will make such reimbursement or provide such in-kind or other form of consideration through Buyer's billing system on terms reasonably specified by Seller, and Seller will reimburse Buyer for all such payments and other consideration made by Buyer following the Closing and for Buyer's reasonable out-of-pocket expenses incurred in connection therewith. Such reimbursement will be reflected in the Final Adjustments Report, to the extent then known. For expenses incurred after completion of the Final Adjustments Report, Seller will reimburse Buyer within 60 days after receipt of a statement therefor. Seller and Buyer will provide each other with all information in their possession that is reasonably required by such other party in connection with such reimbursement.

6.20. Cooperation on Pending Litigation. With respect to any defense or prosecution of any litigation or legal proceeding with respect to the Systems that relates to the period prior to the Closing Time and for which Seller and its Affiliates are responsible pursuant to this Agreement, Buyer will cooperate with and assist Seller and its Affiliates, upon reasonable request and at Seller's expense, by undertaking commercially reasonable efforts to make witnesses available and provide all information in its possession (including access to employees with information regarding such proceedings and access to books and records that may relate to the proceedings) that Seller and its Affiliates may reasonably require in connection with such litigation or legal proceedings or in

response to any complaint, claim, inquiry, order or requirements of any Governmental Authority or other Third Party. No action undertaken by Buyer as requested by Seller under this Section 6.20 will be deemed a waiver of any rights and remedies it may have with respect to any breach under this Agreement.

6.21. Confidentiality.

6.21.1. Neither Buyer nor Seller will, nor will it permit any of its Affiliates to, issue any press release or make any other public announcement or any oral or written statements to Seller's employees concerning this Agreement or the transactions contemplated hereby except as required by applicable Legal Requirements, without the prior written consent of the other party. Each party will hold, and will cause its employees, consultants, advisors and agents to hold, the terms of this Agreement in confidence; provided that (a) such party may use and disclose such information once it has become publicly disclosed (other than by such party in breach of its obligations under this Section) or which rightfully has come into the possession of such party (other than from the other party) and (b) to the extent that such party may be compelled by Legal Requirements to disclose any of such information, but the party proposing to disclose such information will first notify and consult with the other party concerning the proposed disclosure, to the extent reasonably feasible. Each party also may disclose such information to employees, consultants, advisors, agents and actual or potential lenders whose knowledge is necessary to facilitate the consummation of the transactions contemplated by this Agreement. The obligation by either party to hold information in confidence pursuant to this Section will be satisfied if such party exercises the same care with respect to such information as it would exercise to preserve the confidentiality of its own similar information.

6.21.2. All information concerning the Business or Assets obtained by Buyer or its Affiliates pursuant to or in connection with negotiation of this Agreement will be used by Buyer and its Affiliates solely for purposes related to this Agreement and, in the case of nonpublic information, will, except as may be required for the performance of this Agreement or by Legal Requirement, be kept in strict confidence by Buyer and its Affiliates in accordance with the terms of the letter agreement dated October 24, 2000, as amended effective on the date of this Agreement, which letter agreement, as amended, is hereby incorporated in this Agreement by reference. Any breach of such letter agreement, as amended, will be deemed a material breach of this Agreement.

6.22. Lien Searches. Seller will obtain, at its expense, and deliver to Buyer at least 45 Business Days prior to the Closing Date, the results of a lien search conducted by a professional search company of records in the offices of the secretaries of state in each state and county clerks in each county where there exist any Real Property or Equipment, and in the state and county where Seller's principal offices are located, including copies of all financing statements or

similar notices or filings (and any continuation statements) discovered by such search company.

6.23. Further Assurances. At or after the Closing, each party at the request of the other party, will promptly execute and deliver, or cause to be executed and delivered, to the other party all such documents and instruments, in addition to those otherwise required by this Agreement, in form and substance reasonably satisfactory to the other party as the other party may reasonably request in order to carry out or evidence the terms of this Agreement or to collect any accounts receivable or other claims included in the Assets.

6.24. Expired Leases. Seller will exercise commercially reasonable efforts prior to Closing to obtain written renewals or extensions, on terms reasonably acceptable to Buyer, for at least one year following the Closing of all leases of Real Property that will have expired prior to the Closing.

6.25. Environmental Assessment.

6.25.1. Seller acknowledges and agrees that Buyer may commission, at Buyer's cost and expense, a "Phase I" environmental site assessment of the Real Property owned by Seller (a "Phase I Assessment") or "Phase II" assessment, or other testing or analysis of the Real Property owned by Seller as Buyer may deem appropriate (a "Phase II Assessment"). Seller will use its commercially reasonable efforts to comply with any reasonable request for information made by Buyer or its agents in connection with any such investigation, but in no event will Seller be required under this Section 6.25.1 to disclose any materials constituting attorney-client privileged communications. Seller covenants that any response to any such request for information will be complete and correct in all material respects. Seller will afford Buyer and its agents or representatives access to all operations of Seller at all reasonable times and in a reasonable manner in connection with any such investigation. Any such assessment will be completed within 60 days of the date of this Agreement. If Buyer notifies Seller in writing within 15 days after the date Buyer receives the assessment with respect to a parcel of owned Real Property that the assessment discloses an environmental condition that (a) constitutes a breach, or any facts which could be reasonably expected to result in a breach, of the representations of Seller contained in Section 4.8 or (b) could reasonably be expected to impair the use or value of such Real Property for the continued operations of the Business or subject Buyer to any Losses if Buyer consummates this Agreement, then Seller will promptly commence further investigation and use commercially reasonable efforts to at its expense to cure the condition prior to Closing. If Seller, having used such commercially reasonable efforts, is unable to cure the condition prior to Closing and Closing will occur, then any claim for indemnification that Buyer may have with respect to the condition may be brought without the requirement that such claims meet or exceed the Threshold Amount.

6.25.2. In the event this Agreement is terminated or fails to close in accordance with its terms, Buyer agrees to repair any damage or disturbance it causes to the Real Property in the course of such investigative activities by returning such Real Property to approximately the same condition as existed prior to such investigative activities. Buyer will indemnify, defend and hold Seller free and harmless from and against any and all claims, actions, causes of action, suits, proceedings, costs, expenses (including reasonable attorneys' and consultants' fees and costs), liabilities, damages, and liens of any type arising directly out of any act or omission of Buyer or any of Buyer's representatives on or about the Real Property in the course of such investigative activities. However, neither of the two preceding sentences will be interpreted to impose any obligation upon Buyer with respect to Hazardous Substances present at, on, in, under or about, or any conditions existing on, the Real Property at the time of such investigative activities, except to the extent Buyer's negligence or willful misconduct causes a release of such Hazardous Substances or otherwise exacerbates any such condition in a manner that leads to liability under any Environmental Law.

6.25.3. All information collected and generated as a result of the environmental due diligence authorized by Section 6.25.1 will be subject to the terms and conditions of Section 6.21 of this Agreement. Buyer will provide to Seller copies of all reports, assessments and other information composed or compiled by Buyer's environmental consultants within five (5) Business Days after Buyer's receipt of copies thereof.

6.26. No Offers. Seller (and its directors, officers, employees, representatives and agents) will not directly or indirectly, (i) offer the Assets, the Systems or the Business for sale, (ii) solicit, encourage or entertain offers for such Assets, Systems or Business, (iii) initiate negotiations or discussions for the sale of such Assets, Systems or Business or (iv) make information about such Assets, Systems or Business available to any Third Party in connection with the possible sale of such Assets, Systems or Business prior to the Closing Date or the date this Agreement is terminated in accordance with its terms.

6.27. Taxes. Seller and Buyer will reasonably cooperate in connection with the preparation and filing of any Tax return or any similar information statement, including any Transfer Tax Returns, for which the other is responsible for preparing and filing with respect to the Assets.

6.28. Distant Broadcast Signals. Unless otherwise restricted or prohibited by any Governmental Authority, applicable Legal Requirements or Contract, Seller will, if requested by Buyer, delete prior to the Closing any distant broadcast signals which Buyer determines will result in unacceptable liability on the part of Buyer for copyright payments with respect to continued carriage of such signals after the Closing; provided, however, that Seller may refuse to honor such a request if such deletion could reasonably be expected to

delay or otherwise jeopardize Seller's ability to complete the transactions contemplated herein.

6.29. System Telephone Services. Prior to Closing, Buyer will select a vendor for the provision, and arrange for the transition, of all telephony services (e.g., long distance, data circuits, and 800 number) used in connection with the operation of the Systems. If Buyer fails to effect the transition of telephony services to its selected vendor as of the Closing Date, then Buyer will reimburse Seller for all charges incurred by Seller after Closing with respect to telephony services used in connection with the operation of the Systems or in the conduct of the Business.

6.30. Telephony Agreement. The Buyer and Seller will negotiate in good faith to reach mutually acceptable terms, so that the local exchange telephony business of Seller operated in the Systems (the "Telephony Business") will be transferred to the Buyer, at, or as soon as practicable after, Closing without the payment of additional consideration or any adjustment to the Purchase Price for the associated assets in exchange for the Buyer assuming agreed upon agreements and permits related to the Telephony Business.

6.31. Additional TCG Obligations. Prior to the Closing Date, Seller will not agree to build additional facilities for TCG or permit TCG to overlash or interconnect with the Systems pursuant to the Amended and Restated Facilities Agreements between Sellers and TCG and their Affiliates referenced in Schedule 4.6 hereto (the "ARFAs") without the consent of Buyer, not to be unreasonably withheld; provided, however, in no event shall Seller be required, pursuant to this SECTION 6.31, to take any action (or omit to take any action) which would be a breach of the ARFA.

7. CONDITIONS TO CLOSING.

7.1. Conditions to the Obligations of Buyer and Seller. The obligations of each party to consummate the transactions contemplated by this Agreement are subject to the satisfaction, at or before the Closing, of the following, which may be waived by the parties to the extent not prohibited by applicable Legal Requirements:

7.1.1. HSR Act Filings. All filings required under the HSR Act have been made and the applicable waiting period has expired or been terminated.

7.1.2. Absence of Legal Proceedings; Judgment. No judgment has been entered and not vacated by any Governmental Authority and no Legal Requirement has been enacted, promulgated or issued or become or deemed applicable to any of the transactions contemplated by this Agreement by any Governmental Authority, which prevents or makes illegal the transactions

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contemplated by this Agreement. No action, suit or proceeding is pending or threatened by any federal Governmental Authority which would prevent or make illegal the transactions contemplated by this Agreement.

7.2. Conditions to the Obligations of Buyer. The obligations of Buyer to consummate the transactions contemplated by this Agreement are subject to the satisfaction, at or before the Closing, of the following conditions, which may be waived by Buyer (subject to Section 10.3(d)) to the extent not prohibited by applicable Legal Requirements:

7.2.1. Accuracy of Representations and Warranties. The representations and warranties of Seller in this Agreement are true, complete and correct (without regard to any materiality or similar qualifications contained therein), at and as of the Closing with the same effect as if made at and as of the Closing, except (i) for changes, if any, permitted or contemplated by this Agreement, (ii) to the extent a different date is specified therein, in which case such representation and warranty is true and correct as of such date and (iii) to the extent that all misstatements, omissions and inaccuracies in the representations and warranties of Seller, in the aggregate, do not have and could not reasonably be expected to have a Material Adverse Effect.

7.2.2. Performance of Agreements. Seller in all material respects has performed and complied with each obligation, agreement, covenant and condition required by this Agreement to be performed or complied with by Seller at or prior to the Closing.

7.2.3. Deliveries. Seller has delivered the items and documents required to be delivered by it pursuant to this Agreement, including those required under Section 8.2.

7.2.4. Required Consents. Except as otherwise provided in Section 6.5.2, Seller will have received and delivered to Buyer in form and substance reasonably satisfactory to Buyer, all of the Required Consents marked with an asterisk (*) on SCHEDULE 4.3 (including those incorporated by reference) and all Required Consents for other CARS Licenses and Business Radio Licenses over 470 MHz and all Required Consents for other tower and headend leases; provided, however, that this condition, to the extent it relates to Required Consents of Governmental Authorities for Franchises, will be deemed to be satisfied when, the aggregate number of Equivalent Basic Subscribers (i) located in areas where it is legally permissible to operate without a franchise or that are served pursuant to Franchises that do not require consent, or (ii) that are located in franchise areas with valid franchises or extensions expiring no less than one year following Closing as to which Required Consents have been obtained in form and substance reasonably satisfactory to Buyer (or the consent of the appropriate Governmental Authority will be deemed to have been received in accordance with Section 617 of the Communications Act (47 U.S.C. 537)), divided by of the total number of Equivalent Basic Subscribers for all of the

Systems (the "Franchise Consent Ratio") is equal to or greater than 70%. For purposes of calculating the Franchise Consent Ratio, the number of Equivalent Basic Subscribers related to each franchise and for all of the Systems as a whole will be calculated as of April 30, 2001, or otherwise agreed upon by the parties.

7.2.5. Subscribers. The aggregate of the Equivalent Basic Subscribers and the "Equivalent Basic Subscribers" under the Related Agreement as of the last day of the calendar month immediately preceding the Closing Date is not less than 229,755 (Two Hundred Twenty Nine Thousand, Seven Hundred Fifty Five).

7.2.6. No Material Adverse Changes. During the period from December 31, 2000, through and including the Closing Date, there will not have occurred and be continuing any event or events having, individually or in the aggregate, a Material Adverse Effect.

7.2.7. Franchise Renewals. Each Franchise for which (a) a valid notice of renewal pursuant to the formal renewal procedures established by Section 626 of the Communications Act has not been timely delivered to the appropriate Governmental Authority and (b) with respect to which the appropriate Governmental Authority has not confirmed in writing that the procedure established by Section 626 nonetheless will apply to the renewal or extension of such Franchise, will have been renewed or extended for a period expiring no earlier than three years after the Closing Date.

7.2.8. At Home Agreement. Seller will have caused At Home Corporation to execute and deliver to Buyer an Affiliation Agreement, which Affiliation Agreement, in combination with the Transitional HSD Services, will permit Buyer to provide high speed data services to subscribers for six months following Closing and will be on terms consistent with At Home Corporation's then-standard terms and conditions offered to Third Party MSOs, which terms will be no less favorable than either (at At Home Corporation's election) Buyer's or Buyer's Affiliate's then-current At Home Affiliation Agreement for its Fort Worth, Texas cable system or Buyer's or Buyer's Affiliate's then-current At Home Affiliation Agreement for its Greenville/Spartanburg, South Carolina cable system.

7.3. Conditions to Obligations of Seller. The obligations of Seller to consummate the transactions contemplated by this Agreement are subject to the satisfaction at or before the Closing, of the following, which may be waived by Seller, to the extent not prohibited by applicable Legal Requirements:

7.3.1. Accuracy of Representations and Warranties. The representations and warranties of Buyer in this Agreement, if qualified by a reference to materiality, are true, complete and correct and, if not so qualified, are true, complete and correct in all material respects, at and as of the Closing with the same effect as if made at and as of the Closing, except for changes, if

any, permitted or contemplated by this Agreement and except to the extent a different date is specified therein, in which case such representation and warranty is true and correct as of such date.

7.3.2. Performance of Agreements. Buyer in all material respects has performed and complied with each obligation, agreement, covenant and condition required by this Agreement to be performed or complied with by Buyer at or prior to the Closing.

7.3.3. Deliveries. Buyer has delivered the payment, items and documents required to be delivered by it pursuant to this Agreement, including those required under Section 8.3.

8. CLOSING.

8.1. Time and Place of the Closing. The Closing will be held on a date specified by Seller which is no less than five nor more than 10 Business Days following the date all conditions to the Closing contained in this Agreement (other than those based on acts to be performed at the Closing) have been satisfied or waived; provided, however, either party may postpone the Closing Date until the last day of the month in which all such conditions are satisfied or waived. The Closing will be held at 9:00 a.m., local time, at Seller's counsel's office located at 633 Seventeenth Street, Suite 3000, Denver, Colorado 80202, or at such other place and time as Buyer and Seller may agree.

8.2. Seller's Delivery Obligations. At the Closing, Seller will deliver (or cause to be delivered) to Buyer the following:

(a) A Bill of Sale and Assignment and Assumption Agreement in substantially the form of EXHIBIT A to this Agreement (the "Bill of Sale");

(b) A special or limited warranty deed in a form reasonably acceptable to Buyer (and complying with applicable state laws) with respect to each parcel of Real Property which is owned by Seller, and the improvements thereon, duly executed and acknowledged and in recordable form, warranting only to defend title to such owned Real Property against all persons claiming by, through or under Seller, subject, however, to any Permitted Encumbrances;

(c) Title certificates to all vehicles included among the Assets (including those subject to leases), endorsed for transfer of valid and good title to Buyer, free and clear of all Encumbrances and leases (other than Permitted Encumbrances), and separate bills of sale or other transfer documentation for such vehicles, if required by the laws of the states in which such vehicles are titled;

(d) A certificate, dated the Closing Date, signed by an officer of Seller, stating, solely in his or her capacity as such officer, that the conditions set forth in Sections 7.2.1 and 7.2.2 are satisfied;

(e) A FIRPTA Non-Foreign Seller Certificate from Seller certifying that it is not a foreign person within the meaning of Section 1445 of the Internal Revenue Code of 1986, as amended (the "Code") reasonably satisfactory in form and substance to Buyer;

(f) Evidence reasonably satisfactory to Buyer that all Encumbrances (other than Permitted Encumbrances) affecting or encumbering the Assets have been terminated, released or waived, as appropriate, or original, executed instruments in form reasonably satisfactory to Buyer effecting such terminations, releases or waivers;

(g) Copies of all Required Consents which have been obtained by the Seller prior to Closing;

(h) All Books and Records, delivery of which will be deemed made to the extent such Books and Records are then located at any of the offices of the Systems included in the Real Property;

(i) An opinion of Sherman & Howard L.L.C., counsel for Seller, in substantially the form of EXHIBIT C; and

(j) Such other documents as Buyer may reasonably request in connection with the transactions contemplated by this Agreement.

8.3. Buyer's Delivery Obligations. At the Closing, Buyer will deliver (or cause to be delivered) to Seller the following:

(a) The Purchase Price required to be paid at the Closing, as adjusted in accordance with this Agreement;

(b) The Bill of Sale executed by Buyer;

(c) A certificate, dated the Closing Date, signed by an officer of Buyer, stating, solely in his or her capacity as such officer, that the conditions set forth in Sections 7.3.1 and 7.3.2 are satisfied;

(d) An opinion of Irell & Manella LLP, counsel for Buyer, in substantially the form of EXHIBIT D; and

(e) Such other documents as Seller may reasonably request in connection with the transactions contemplated by this Agreement.

9. TERMINATION.

9.1. Events of Termination. This Agreement may be terminated and the transactions contemplated by this Agreement may be abandoned at any time prior to the Closing:

9.1.1. By the mutual written consent of Buyer and Seller;

9.1.2. By either party, upon written notice to the other party, if the transactions contemplated by this Agreement to take place at the Closing have not been consummated by the date which is 12 months after the date of this Agreement, for any reason other than (i) a breach or default by such party in the performance of any of its obligations under this Agreement or (ii) the failure of any representation or warranty of such party to be accurate; or

9.1.3. By either party at any time upon written notice to the other, if the other is in material breach or default of any of its covenants, agreements or other obligations in this Agreement or in any Transaction Document and fails to cure such breach or default (a) within the 30-day period following such written notice or, (b) if such breach or default is incapable of being cured within such 30-day period and the defaulting party promptly initiates and diligently pursues such cure to completion upon receipt of such notice, within a reasonable period of time.

9.2. Liabilities in Event of Termination. If this Agreement is terminated pursuant to Section 9.1, all obligations of the parties under this Agreement will terminate except for the parties respective obligations under Section 6.21 and 11.18. Notwithstanding a party's right to pursue remedies for breach of contract upon termination of this Agreement in accordance with Section 9.1, no remedies for breaches of representations and warranties will be available if this Agreement is terminated pursuant to Section 9.1. Furthermore, if the Closing does not occur, no party will be liable for any incidental, consequential, exemplary, special, or punitive damages in connection with any claim for breach of this Agreement.

10. SURVIVAL OF REPRESENTATIONS AND WARRANTIES; INDEMNIFICATION.

10.1. Survival of Representations and Warranties. The representations and warranties of the parties in this Agreement and the Transaction Documents will survive the Closing until 15 months after the Closing Date, except that the representations and warranties relating to Taxes, ERISA and environmental matters will survive until 90 days after the expiration of the applicable statute of limitations and the representations and warranties relating to Seller's title to, and the absence of Encumbrances (other than Permitted Encumbrances) on, the Assets will survive indefinitely and will not be merged into or otherwise limited by any deed or other conveyance document. The applicable periods of survival of the representations and warranties prescribed by this Section 10.1 are referred

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to as the "Survival Period." The liabilities of the parties under their respective representations and warranties will expire as of the expiration of the applicable Survival Period; provided, however, that such expiration will not include, extend or apply to any representation or warranty, the breach of which has been asserted by a party in a written notice to the breaching party before such expiration. The covenants and agreements of the parties in this Agreement and the Transaction Documents will survive the Closing and will continue in full force and effect without limitation.

10.2. Indemnification by Seller. Following the Closing, Seller and AT&T Parent, jointly and severally, will indemnify, defend and hold harmless Buyer and its shareholders and its and their respective Affiliates, and the shareholders, directors, officers, partners, members, employees, agents, successors and assigns of any of such Persons and any Person claiming by or through any of them, from and against all Losses of or to Buyer or any such other indemnified Person resulting from or arising out of (a) any breach of any representation or warranty made by Seller in this Agreement (without regard to any materiality or similar qualifications contained therein), (b) any breach of any covenant, agreement or obligation of Seller contained in this Agreement, and (c) any liability or obligation of Seller or relating to the Business not included in the Assumed Obligations and Liabilities.

10.3. Indemnification by Buyer. Following the Closing, Buyer will indemnify, defend and hold harmless Seller and Seller's shareholders, directors, officers, partners, members, employees, agents, successors and assigns, and any Person claiming by or through any of them, from and against all Losses of or to Seller or any such other indemnified Person resulting from or arising out of (a) any breach of any representation or warranty made by Buyer in this Agreement (without regard to any materiality or similar qualifications contained therein), (b) any breach of any covenant, agreement or obligation of Buyer contained in this Agreement, (c) the failure by Buyer to assume and perform the Assumed Obligations and Liabilities, and (d) if Buyer waives the condition to Closing contained in Section 7.2.4 that the Franchise Consent Ratio equal or exceed 70%, the transfer of Assets to Buyer without having obtained the scheduled Required Consents (or deemed consents) with respect to any Franchise; provided, however, in no event shall clause (d) hereof be interpreted to reduce Buyer's rights to recover with respect to any breaches by Seller of its representations, warranties or covenants.

10.4. Third Party Claims. Promptly after the receipt by any party of notice of any claim, action, suit or proceeding by any Person who is not a party to this Agreement (collectively, an "Action"), which Action is subject to indemnification under this Agreement, such party (the "Indemnified Party") will give reasonable written notice to the party from whom indemnification is claimed (the "Indemnifying Party"). The Indemnified Party will be entitled, at the sole expense and liability of the Indemnifying Party, to exercise full control of the defense, compromise or settlement of any such Action unless the

Indemnifying Party, within a reasonable time after the giving of such notice by the Indemnified Party, (a) notifies the Indemnified Party in writing of the Indemnifying Party's intention to assume such defense, (b) agrees in writing to the Indemnified Party to assume and pay the Indemnified Party's losses resulting from such Action, and (c) retains legal counsel reasonably satisfactory to the Indemnified Party to conduct the defense of such Action. The other party will cooperate with the party assuming the defense, compromise or settlement of any such Action in accordance with this Agreement in any manner that such party reasonably may request. If the Indemnifying Party so assumes the defense of any such Action, the Indemnified Party will have the right to employ separate counsel and to participate in (but not control) the defense, compromise or settlement of the Action, but the fees and expenses of such counsel will be at the expense of the Indemnified Party, unless (i) the Indemnifying Party has agreed to pay such fees and expenses, (ii) any relief other than the payment of money damages is sought against the Indemnified Party or (iii) the Indemnified Party has been advised by its counsel that there may be one or more defenses available to it which are different from or additional to those available to the Indemnifying Party, and in any such case that portion of the reasonable out of pocket fees and expenses of such separate counsel that are reasonably related to matters covered by the indemnity provided in this Section 10 will be paid by the Indemnifying Party, provided that the Indemnifying Party will not be obligated to pay the expenses of more than one separate counsel in each jurisdiction for each Indemnified Party so entitled to separate counsel. Expenses of counsel to the Indemnified Party will be reimbursed on a current basis by the Indemnifying Party if such expenses are a liability of the Indemnifying Party and if there is no dispute as to the applicability of indemnification. No Indemnified Party will settle or compromise any such Action for which it is entitled to indemnification under this Agreement without the prior written consent of the Indemnifying Party (not to be unreasonably withheld), unless the Indemnifying Party has failed, after reasonable notice, to undertake control of such Action in the manner provided in this Section 10.4. No Indemnifying Party will settle or compromise any such Action without the prior written consent of the Indemnified Party (not to be unreasonably withheld); provided, however, in any Action (i) in which any relief other than the payment of money damages is sought against any Indemnified Party or (ii) in the case of any Action relating to the Indemnified Party's liability for any Tax, if the effect of such settlement would be an increase in the liability of the Indemnified Party for the payment of any Tax for any period beginning after the Closing Date, the consent of the Indemnified Party may be withheld by the Indemnified Party in its sole and absolute discretion.

10.5. Limitations on Indemnification - Seller. Seller and AT&T Parent will not be liable, in the aggregate, for indemnification arising under Section 10.2(a) for any Losses of or to Buyer or any other person entitled to indemnification from Seller or AT&T Parent unless the amount of such Losses for which Seller and AT&T Parent would, but for the provisions of this Section 10.5, be liable plus the amounts for which Seller's Affiliates would be liable under Section 10.2(a) of the Related Agreement (disregarding the provisions of

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Section 10.5 of the Related Agreement) exceeds, on an aggregate basis, $4,550,000 (Four Million, Five Hundred Fifty Thousand Dollars) (the "Threshold Amount,") provided that in determining whether the Threshold Amount has been exceeded, there will not be included any Losses arising from any single claim that is less than $10,000. If the Threshold Amount is exceeded, Seller and AT&T Parent will be liable, jointly and severally, for the full amount of all Losses (including any single claims for Losses of less than $10,000), which amount will be due and payable within 15 days after the later of (a) the date Seller receives a statement therefor and (b) the date an Action with respect to such Losses is settled or decided in accordance with section 10.4. Neither Seller nor AT&T Parent will be liable for punitive damages assessed for Buyer's conduct. The maximum aggregate amount that Seller and its Affiliates (including AT&T Parent) will be required to pay for indemnification arising under Section 10.2(a) of this Agreement in respect of all claims by all indemnified parties is $90,500,000 (Ninety Million, Five Hundred Thousand Dollars). Notwithstanding the preceding, neither the minimum nor maximum limits specified in this Section 10.5 will apply to: (i) the obligation to pay post-Closing adjustments pursuant to Section 3.3; (ii) Seller's breach of its representations and warranties that it has title to, and the absence of Encumbrances (other than Permitted Encumbrances) on, the Assets owned by Seller; or (iii) any indemnification claims pursuant to Section 10.2(b) or 10.2(c), irrespective of whether such claims also constitute claims under Section 10.2(a)).

10.6. Limitations on Indemnification - Buyer. Buyer will not be liable for indemnification arising under Section 10.3(a) for any Losses of or to Seller or any other person entitled to indemnification from Buyer unless the amount of such Losses for which Buyer would, but for the provisions of this Section 10.6, be liable plus the amounts for which Buyer's Affiliates would be liable under Section 10.3(a) of the Related Agreement (disregarding the provisions of Section 10.6 of the Related Agreement) exceeds, on an aggregate basis, the Threshold Amount, provided that in determining whether the Threshold Amount has been exceeded, there will not be included any Losses arising from any single claim that is less than $10,000. If the Threshold Amount is exceeded, Seller will be liable for the full amount of all Losses (including any single claims for Losses of less than $10,000), which amount will be due and payable within 15 days after the later of (a) the date Buyer receives a statement therefor and (b) the date an Action with respect to such Losses is settled or decided in accordance with section 10.4. Buyer will not be liable for punitive damages assessed for Seller's conduct. The maximum aggregate amount that Buyer and its Affiliates will be required to pay for indemnification arising under Section 10.3(a) of this Agreement in respect of all claims by all indemnified parties is $90,500,000 (Ninety Million Five Hundred Thousand Dollars). Notwithstanding the preceding, neither the minimum nor maximum limits specified in this Section 10.6 will apply to: (i) the obligation to pay the Purchase Price, as adjusted; (ii) the obligation to pay post-Closing adjustments pursuant to Section 3.3; (iii) Buyer's obligation to assume and perform the Assumed Obligations and Liabilities; or (iv) any indemnification claims pursuant to Section 10.3(b),

10.3(c) or 10.3(d), irrespective of whether such claims also constitute claims under Section 10.3(a)).

10.7. Sole Remedy. Each party acknowledges and agrees that, should the Closing occur, its sole and exclusive remedy against the other with respect to any breach of representation, warranty, covenant, agreement or obligation (other than any claim based on fraud or intentional tort) will be pursuant to the indemnification provisions set forth in this Section 10.

10.8. Treatment of Indemnity and Other Payments. All indemnity and other payments made under this Agreement will be treated for all Tax purposes as adjustments to the Purchase Price.

11. MISCELLANEOUS.

11.1. Parties Obligated and Benefited. Subject to the limitations set forth below, this Agreement will be binding upon the parties and their respective permitted assigns and successors in interest and will inure solely to the benefit of the parties and their respective permitted assigns and successors in interest, and no other Person will be entitled to any of the benefits conferred by this Agreement. Without the prior written consent of the other party, no party will assign any of its rights under this Agreement or delegate any of its duties under this Agreement.

11.2. Notices. Any notice, request, demand, waiver or other communication required or permitted to be given under this Agreement will be in writing and will be deemed to have been duly given only if delivered in person or by first class, prepaid, certified mail, or sent by courier or, if receipt is confirmed, by telecopier:

To Buyer at: c/o Charter Communications, Inc.
12444 Powerscourt Drive, Suite 100
St. Louis, Missouri 63124
Attention: Curtis S. Shaw, Esq.
Senior Vice President, General Counsel
& Secretary
Fax: (314) 965-8793

With a copy (which will not constitute notice) to:
Irell & Manella LLP
1800 Avenue of the Stars, Suite 900
Los Angeles, California 90067
Attention: Alvin G. Segel, Esq.
Fax: (310) 203-7199

To Seller at: c/o AT&T Broadband, LLC

188 Inverness Drive West
Englewood, Colorado 80112
Attention: Alfredo Di Blasio
Fax: (303) 858-3456

With a copy similarly addressed to the attention of Karla Tartz, Esq., Fax: (303) 858-3487.

With a copy (which will not constitute notice) to:
Sherman & Howard, L.L.C.
633 Seventeenth Street
Suite 3000
Denver, Colorado 80202
Attention: Gregory J. Ramos, Esq.
Fax: (303) 298-0940

Any party may change the address to which notices are required to be sent by giving notice of such change in the manner provided in this Section 11.2. All notices will be deemed to have been received on the date of actual receipt.

11.3. Attorneys' Fees. In the event of any action or suit based upon or arising out of this Agreement, the prevailing party will be entitled to recover reasonable attorneys' fees and other costs of such action or suit from the other party.

11.4. Right to Specific Performance. The parties acknowledge that the unique nature of the transaction contemplated by this Agreement renders money damages an inadequate remedy for the breach by either party of its obligations under this Agreement, and each party agrees that in the event of such breach, the non-breaching party will, upon proper action instituted by it, be entitled to seek a decree of specific performance of this Agreement.

11.5. Disclaimer of Warranty. Buyer and Seller agree that the representations and warranties of Seller contained in this Agreement and the Transaction Documents constitute the sole representations and warranties of Seller to Buyer in connection with the transaction contemplated hereby. BUYER ACKNOWLEDGES THAT EXCEPT AS SET FORTH IN THIS AGREEMENT OR IN THE TRANSACTION DOCUMENTS, SELLER DISCLAIMS ANY REPRESENTATION OR WARRANTY OF MERCHANTABILITY, USAGE, SUITABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE WITH RESPECT TO THE ASSETS OR ANY PART THEREOF.

11.6. Waiver. This Agreement or any of its provisions may not be waived except in writing. The failure of any party to enforce any right arising under this Agreement on one or more occasions will not operate as a waiver of that or any other right on that or any other occasion.

11.7. Captions. The captions of this Agreement are for convenience only and do not constitute a part of this Agreement.

11.8. Choice of Law. THIS AGREEMENT AND THE RIGHTS OF THE PARTIES UNDER IT WILL BE GOVERNED BY AND CONSTRUED IN ALL RESPECTS IN ACCORDANCE WITH THE LAWS OF THE STATE OF DELAWARE, WITHOUT REGARD TO THE CONFLICTS OF LAWS RULES OF DELAWARE.

11.9. Terms. Terms used with initial capital letters will have the meanings specified, applicable to both singular and plural forms, for all purposes of this Agreement. The word "include" and derivatives of that word are used in this Agreement in an illustrative sense rather than limiting sense. Whenever the context may require, any pronoun will include the corresponding masculine, feminine and neuter forms. All references herein to Articles, Sections, Exhibits and Schedules will be deemed to be references to Articles and Sections of, and Exhibits and Schedules to, this Agreement unless the context will otherwise require. All Exhibits and Schedules attached hereto will be deemed incorporated herein as if set forth in full herein and, unless otherwise defined therein, all terms used in any Exhibit or Schedule will have the meaning ascribed to such term in this Agreement. The words "hereof," "herein" and "hereunder" and words of similar import when used in this Agreement will refer to this Agreement as a whole and not to any particular provision of this Agreement. Unless otherwise expressly provided herein, any agreement, instrument or statute defined or referred to herein or in any agreement or instrument that is referred to herein means such agreement, instrument or statute as from time to time amended, modified or supplemented, including (in the case of agreements or instruments) by waiver or consent and (in the case of statutes) by succession of comparable successor statutes and references to all attachments thereto and instruments incorporated therein. All accounting terms not otherwise defined in this Agreement will have the same meanings ascribed to them under generally acceptable accounting principles as in effect from time to time in the United States, consistently applied.

11.10.Rights Cumulative. Subject to the limitations set forth in Section 10.7, all rights and remedies of each of the parties under this Agreement will be cumulative, and the exercise of one or more rights or remedies will not preclude the exercise of any other right or remedy available under this Agreement or applicable law.

11.11.Further Actions. Seller and Buyer will execute and deliver to the other, from time to time at or after the Closing, for no additional consideration and at no additional cost to the requesting party, such further assignments, certificates, instruments, records, or other documents, assurances or things as may be reasonably necessary to give full effect to this Agreement and to allow each party fully to enjoy and exercise the rights accorded and acquired by it under this Agreement. Seller will, upon Buyer's request given at any time after

the Closing through the date that is 15 months following the Closing, provide Buyer with a duly executed assignment in recordable form for each Real Property lease assigned to Buyer at Closing pursuant to the Bill of Sale, which lease is, or as to which a memorandum of lease is, recorded in the applicable public real property records.

11.12. Time. Time is of the essence under this Agreement. If the last day permitted for giving of any notice or the performance of any act required or permitted under this Agreement falls on a day which is not a Business Day, the time for the giving of such notice or the performance of such act will be extended to the next succeeding Business Day.

11.13.Late Payments. If either party fails to pay the other any amounts when due under this Agreement, the amounts due will bear interest from the due date to the date of payment at the annual rate publicly announced from time to time by The Bank of New York as its prime rate (the "Prime Rate") plus 3%, adjusted as and when changes in the Prime Rate are made.

11.14.Counterparts. This Agreement may be executed in counterparts, each of which will be deemed an original. This Agreement will become binding when one or more counterparts, individually or taken together, bear the signatures of all parties to this Agreement. Delivery of an executed signature page of this Agreement by facsimile transmission will constitute effective and binding execution and delivery of this Agreement.

11.15.Entire Agreement. This Agreement (including the Schedules and Exhibits referred to in this Agreement, which are incorporated in and constitute a part of this Agreement), other Agreements entered into by Buyer, Seller and their respective Affiliates as of the date of this Agreement, and the Transaction Documents contain the entire agreement of the parties with respect to the subject matter hereof and supersede all prior oral or written agreements and understandings with respect to the subject matter. This Agreement may not be amended or modified except by a writing signed by the parties.

11.16.Severability. Any term or provision of this Agreement which is invalid or unenforceable will be ineffective to the extent of such invalidity or unenforceability without rendering invalid or unenforceable the remaining rights of the Person intended to be benefited by such provision or any other provisions of this Agreement.

11.17.Construction. This Agreement has been negotiated by Buyer and Seller 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 will not apply in any construction or interpretation of this Agreement.

11.18. Expenses. Except as otherwise expressly provided in this Agreement, each party will pay all of its expenses, including attorneys' and accountants' fees, in connection with the negotiation of this Agreement, the performance of its obligations and the consummation of the transactions contemplated by this Agreement.

11.19.Commercially Reasonable Efforts. For purposes of this Agreement, unless a different standard is expressly provided with respect to any particular matter, any requirement herein that a party use "commercially reasonable efforts" will not be deemed to require that party to undertake extraordinary measures, including the initiation or prosecution of legal proceedings or the payment of amounts in excess of normal and usual filing fees and processing fees, if any.

11.20.Guaranty and Suretyship Matters. AT&T Parent acknowledges that, notwithstanding that it is not a party to this Agreement (other than with respect to Article 10), it will receive, in connection with the consummation of the transactions contemplated by this Agreement, fair and adequate consideration for its indemnification obligations under this Agreement, AT&T Parent therefore agrees that it will be deemed for all purposes to be a primary obligor under each of such obligations, and not a guarantor or surety. Notwithstanding the foregoing, to the extent that any of the covenants or agreements in this Agreement are determined by a court of competent jurisdiction to be a guaranty (in such case, the "Guaranty") by AT&T Parent of indemnity obligations (in such case, the "Guaranteed Obligations") of any other person or entity (in such case the "Underlying Obligor"), then, such Guaranty will be continuing, absolute and unconditional (subject only to the applicable terms and conditions of this Agreement) and, to the maximum extent permitted by applicable law, AT&T Parent hereby:

11.20.1. Authorizes any beneficiary of such Guaranty (the "Beneficiary"), from time to time in such Beneficiary's sole discretion, and without notice to or demand upon AT&T Parent (i) to amend, extend, waive, restructure or otherwise modify the Guaranteed Obligations in whole or in part, (ii) to release, compromise, collect, settle or otherwise liquidate the Guaranteed Obligations in whole or part, (iii) to take, hold, exchange, enforce, waive, release and otherwise deal with collateral for the Guaranteed Obligations, and (iv) to add, release or substitute any one or more endorser(s) or other guarantor(s) for the Guaranteed Obligations.

11.20.2. Agrees that: (i) if any one or more of the foregoing actions are taken; (ii) if there is any change in the structure or existence of the Underlying Obligor; or (iii) if there occurs any other action, event or circumstance whatsoever which constitutes or might be deemed to constitute an equitable or legal discharge of an Underlying Obligor with respect to the Guaranteed Obligations or of AT&T Parent with respect to the Guaranty, whether in bankruptcy or otherwise; then (in the case of each of (i), (ii) and (iii)), such action, event or circumstance shall not impair, reduce, release or

otherwise mitigate AT&T Parent's liability under the Guaranty or the Guaranteed Obligations;

11.20.3. Waives its rights to assert against any Beneficiary as a defense (legal or equitable), setoff, counterclaim or cross-claim in connection with the Guaranty, any defense (legal or equitable), setoff, counterclaim or cross-claim AT&T Parent may now or in the future have against the Underlying Obligor or any other person or entity;

11.20.4. Waives all defenses, counterclaims and setoffs arising from the present or future lack of perfection, sufficiency, validity or enforceability of the Guaranteed Obligations or any security therefor or documents relating thereto;

11.20.5. Waives any defense arising by reason of any claim or defense based upon an election of remedies by a Beneficiary;

11.20.6. Waives all notices of acceptance, presentments, demand for performance, protests, diligence, notices of nonperformance or default, and all other notices or formalities which AT&T Parent may otherwise be entitled to under applicable law;

11.20.7. Waives all rights to require a Beneficiary to prosecute or seek enforcement of any remedies against an Underlying Obligor or any other person or entity liable on account of the Guaranteed Obligations, or to require a Beneficiary to seek to enforce or resort to any remedies with respect to any security interests, liens, encumbrances, collateral or other security for the Guaranteed Obligations; and

11.20.8. Agrees that AT&T Parent will have no right of subrogation, reimbursement, exoneration or contribution against the Underlying Obligor with respect to the Guaranty, and irrevocably waives any such rights and any rights to participate in any security now or hereafter held by a Beneficiary in connection with the Guaranteed Obligations.

[SIGNATURE PAGE FOLLOWS]

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The parties have executed this Agreement as of the day and year first above written.

BUYER:

Charter Communications Entertainment I, LLC, a Delaware limited liability company

By: /s/ Curtis S. Shaw

Curtis S. Shaw
Senior Vice President

SELLER

St. Louis Tele-Communications, Inc., a Missouri corporation

TCI Cable Partners of St. Louis, L.P., a Colorado limited partnership

By: Heritage Cablevision of Massachusetts, Inc., its general partner

TCI Cablevision of Missouri, Inc., a Missouri corporation

TCI of Illinois, Inc., an Illinois corporation

TCI TKR of Central Florida, Inc., a Florida corporation

TCI Holdings, Inc., a Delaware corporation

Each By: /s/ Alfredo Di Blasio

Alfredo Di Blasio,
Authorized Signatory

EXHIBIT 2.14(g)

AGREEMENT REGARDING CLOSING MATTERS

This Agreement Regarding Closing Matters ("Agreement") is entered into among Charter Communications, Inc., on behalf of the Charter Entities, and AT&T Broadband, LLC, on behalf of the AT&T Entities, as of February 26, 2001.

RECITALS

Various affiliates of the parties are contemporaneously entering into the Alabama Reorganization Agreement, the Alabama Purchase Agreement, the Nevada Reorganization Agreement, the Nevada Purchase Agreement, the St. Louis Agreement and the Florida Agreement (collectively, the "Acquisition Agreements"). The parties are entering into this Agreement to set forth provisions relating to the closings under one or more of those Acquisition Agreements.

AGREEMENT

For valuable consideration, the parties agree as follows:

1. Definitions. Capitalized terms used but not defined in this Agreement will have the meanings ascribed to them in the Reorganization Agreements. In addition, the following terms will have the following meanings when used in this Agreement:

"Alabama Purchase Agreement" means the Asset Purchase Agreement of even date among Marcus Cable of Alabama, L.L.C., as buyer, and TCI of Selma, Inc., TCI of Lee County, TCI Cablevision of Alabama, Inc. and Alabama T.V. Cable, Inc., as sellers, and TCI Southeast, Inc.

"Alabama Reorganization Agreement" means the Reorganization Agreement of even date among CCI, as buyer, and TCI TKR of Alabama, Inc., as seller, and TCI Southeast, Inc.

"AT&T Entities" means TCI TKR of Alabama, Inc., TCI of Selma, Inc., TCI of Lee County, TCI Cablevision of Alabama, Inc. and Alabama T.V. Cable, Inc., TCI Southeast, Inc., TCI Cablevision of Nevada, Inc., TCI West, Inc., AT&T Broadband, LLC, Communications Services, Inc., Ohio Cablevision Network, Inc., TCI Cablevision of California, Inc., TCI Washington Associates, LP., TCI of Illinois, Inc., TCI Cablevision of Missouri, Inc., St. Louis Tele-Communications, Inc., TCI Cable Partners of St. Louis, L.P., TCI TKR of Central Florida, Inc. and TCI Holdings, Inc.

"CCI" means Charter Communications, Inc., a Delaware corporation.

"Charter Common Stock" means Class A Common Stock of CCI.

"Charter Common Stock Offering" means an underwritten public sale of Charter Common Stock by CCI for cash pursuant to a registration statement.

"Charter Common Stock Offering Proceeds" means the net aggregate proceeds of a Charter Common Stock Offering in an aggregate amount equal to the product of the total number of shares of Charter Common Stock sold in such offering, multiplied by the per share price to the public for such Charter Common Stock, less underwriting fees and commissions.

"Charter Entities" means CCI, Marcus Cable of Alabama, L.L.C., Falcon Cable Systems Company II, L.P., Interlink Communications Partners, LLC, Charter Communications, LLC, Falcon Cable Media, and Charter Communications Entertainment I, LLC.

"Dedicated Sale Proceeds" means the first $3,000,000 of Charter Common Stock Offering Proceeds, plus 50% of all such proceeds in excess of such amount.

"Florida Agreement" means the Asset Purchase Agreement of even date among Interlink Communications Partners, LLC, Charter Communications, LLC, and Falcon Cable Media, a California limited partnership, as sellers, CCI, and TCI Cablevision of Missouri, Inc. and TCI Cable Partners of St. Louis, L.P., as buyers.

"Nevada Purchase Agreement" means the Asset Purchase Agreement of even date among Falcon Cable Systems Company II, L.P., as buyer, and AT&T Broadband, LLC, Communications Services, Inc., Ohio Cablevision Network, Inc., TCI Cablevision of California, Inc. and TCI Washington Associates, LP., as sellers.

"Nevada Reorganization Agreement" means the Reorganization Agreement of even date between CCI, as buyer, and TCI Cablevision of Nevada, Inc., as seller, and TCI West, Inc.

"Parties" means the AT&T Entities, on one hand, and the Charter Entities, on the other hand.

"Purchase Price" will be as defined in the Alabama Reorganization Agreement and/or the Nevada Reorganization Agreement, as applicable, and subject to applicable adjustments specified in such Reorganization Agreement.

"Reorganization Agreements" means the Alabama Reorganization Agreement and the Nevada Reorganization Agreement.

"St. Louis Agreement" means the Asset Purchase Agreement of even date among Charter Communications Entertainment I, LLC, as buyer, and TCI of Illinois, Inc., TCI Cablevision of Missouri, Inc., St. Louis Tele-Communications, Inc., TCI Cable Partners of St. Louis, L.P. and TCI TKR of Central Florida, Inc., as sellers, and TCI Holdings, Inc.

2. Reorganization Agreements. Under the Reorganization Agreements, the selling entities are to receive Charter Common Stock in exchange for the Assets to be transferred pursuant to the Reorganization Agreements. Notwithstanding such agreements, the parties agree that if a

Charter Common Stock Offering is consummated during the period from the date of this Agreement through Closing under one or both of the Reorganization Agreements, then the following will apply:

(a) If a Charter Common Stock Offering occurs prior to the Closing under the Nevada Reorganization Agreement, then the Nevada Reorganization Agreement will be deemed amended to provide that CCI will deliver at Closing cash in amount equal to the amount of the Purchase Price thereunder or the Dedicated Sale Proceeds, whichever is less, and the number of shares of Common Charter Stock shall be reduced by an amount equal to the amount of cash so delivered, divided by the Charter Class A Per Share Value.

(b) If a Charter Common Stock Offering occurs prior to the Closings under both Reorganization Agreements, and if the amount of Dedicated Sale Proceeds exceed $349,800,000 (such excess being referred to as the "Excess Dedicated Sale Proceeds"), then in addition to the use of cash in lieu of Charter Common Stock referred to in clause (a) above, the Alabama Reorganization Agreement will be deemed amended to provide that CCI will deliver at Closing cash in an amount equal to the amount of the Purchase Price thereunder or the Excess Dedicated Sale Proceeds, whichever is less, and the number of shares of Common Charter Stock shall be reduced by an amount equal to the amount of cash so delivered, divided by the Charter Class A Per Share Value.

(c) If a Charter Common Stock Offering occurs prior to the Closing under the Alabama Reorganization Agreement but after the Closing under the Nevada Reorganization, then the Alabama Reorganization Agreement will be deemed amended to provide that CCI will deliver at Closing cash in an amount equal to the amount of the Purchase Price thereunder or the Dedicated Sale Proceeds, whichever is less, and the number of shares of Common Charter Stock shall be reduced by an amount equal to the amount of cash so delivered, divided by the Charter Class A Per Share Value.

(d) Each party to the Reorganization Agreements will use commercially reasonable efforts to satisfy, or to cause to be satisfied, the conditions to the obligations of the other parties thereunder to consummate the transactions contemplated thereby as soon as practicable.

(e) The "Maximum Per Share Value" under each Reorganization Agreement is $25.02045. The "Minimum Per Share Value" under each Reorganization Agreement is $20.47128.

(f) The parties will use commercially reasonable efforts to amend the applicable Reorganization Agreement to give effect to the provisions of this Section 2 and Sections 3 and 4, as applicable.

3. Allocations of Consideration.

(a) If a Charter Common Stock Offering occurs prior to the Closing under one or both Reorganization Agreements and cash in lieu of Charter Common Stock is delivered to Seller pursuant to Section 2 above, and if the purchase, sale and reorganization transaction contemplated by either or both Reorganization Agreements fail to qualify as a reorganization under the provisions of Section 368(a) of the Code and the rules and regulations promulgated thereunder, then (i) the Share Consideration, if any, the Cash and the Assumed Obligations and Liabilities, each in the amount as determined under the Nevada Reorganization Agreement and Section 2 above (the "Nevada Purchase Consideration") and/or (ii) the Share Consideration, if any, the Cash and the Assumed Obligations and Liabilities, each in the amount determined under the Alabama Reorganization Agreement and Section 2 above (the "Alabama Purchase Consideration") will be allocated by Buyer and Seller separately among the Assets acquired pursuant to the Nevada Reorganization Agreement and the Assets acquired pursuant to the Alabama Reorganization Agreement in each case as set forth in Section 3(b) below (with "Purchase Consideration" as used in the Section 3(b) below to refer to either the Nevada Purchase Consideration and/or the Alabama Purchase Consideration, as the case may be).

(b) No later than 120 days after Closing, Buyer will deliver to Seller a written estimate of the allocation of the Purchase Consideration and the Assumed Obligations and Liabilities among the Assets, as such Assets existed immediately prior to the Closing Time. The parties will use reasonable good faith efforts to agree on the final allocation of the Purchase Price and the Assumed Obligations and Liabilities among the Assets within 60 days after delivery of Buyer's estimate of such allocation (the "Final Allocation"). In determining the Final Allocation, the Purchase Consideration will be allocated between the tangible assets and the Franchises acquired by Buyer by allocating to the tangible assets amounts equal to the book value of such tangible assets on the Closing Date and the remainder to the Franchises.

(c) Each Seller and Buyer will timely file any forms required to be filed under Section 1060 of the Code and any corresponding provision of state or local tax law. In addition, Seller and Buyer each agree (i) to file all Tax returns and determine all Taxes (including, without limitation, for purposes of Section 1060 of the Code) in accordance with and based upon the Final Allocation and (ii) not to take any position inconsistent with such Final Allocation in any audit or judicial or administrative proceeding or otherwise; provided however, Seller and Buyer will not be required to take a position on their tax returns that is not supported by "substantial authority" as defined in Section 6662 of the Code and the regulations related thereto (and if a party is taking a different position on a tax return based on the preceding proviso, it will give the other at least 30 days' notice prior to filing such return).

4. Reorganization Agreement Representations, Warranties and Covenants.

(a) If a Charter Common Stock Offering occurs prior to the Closing under one or both Reorganization Agreements and cash in lieu of Charter Common Stock is delivered to Seller pursuant to Section 2 above, and if the purchase, sale and reorganization transaction contemplated by either or both Reorganization Agreements fails to qualify as a reorganization under the provisions of Section 368(a) of the Code and the rules and regulations promulgated thereunder, then, with respect to each Reorganization Agreement which so fails to qualify:

(i) the following provisions shall have no force or effect: Sections 4.21, 5.11, 6.32 and 6.33 and the last sentence of Section 4.14; and

(ii) notwithstanding the provisions of such Reorganization Agreement requiring Buyer thereunder to pay certain amounts to Seller in shares of Charter Common Stock, including adjustments and indemnification claims, all payments required to be made thereunder will be made in cash.

(b) If a Charter Common Stock Offering occurs prior to the Closing under one or both Reorganization Agreements and cash in lieu of Charter Common Stock is delivered to Seller pursuant to Section 2 above such that no Charter Common Stock will be delivered under either or both Reorganization Agreements, then, with respect to each such Reorganization Agreement, the following provisions shall have no force or effect: Sections: 4.19, 5.9, 5.10, 6.30 and 6.34.

(c) Notwithstanding the provisions of the Reorganization Agreements, in no event shall any of the Charter Entities be deemed to have breached Section 5.11 or 6.33 as a result of any action required or permitted to be taken by them pursuant to this Agreement.

5. Timing of Transactions.

(a) The Charter Entities will not be obligated to consummate the transactions contemplated by the Alabama Reorganization Agreement and the Alabama Purchase Agreement (the "Alabama Agreements") until all the conditions to the Charter Entities' obligation to consummate the First St. Louis Closing (as defined below) are met or waived or the closing of all of the transactions pursuant to the St. Louis Agreement (the "St. Louis Closing") or the First St. Louis Closing is occurring simultaneously. The AT&T Entities will not be obligated to consummate the transactions contemplated by the St. Louis Agreement until all the conditions to the AT&T Entities' obligation to consummate the Alabama Agreements are met or waived or the closings pursuant to the Alabama Agreements are occurring simultaneously with the St. Louis Closing or First St. Louis Closing. The closing of

the Alabama Agreements will not occur unless they occur simultaneously. The closing of the Nevada Reorganization Agreement and the Nevada Purchase Agreement will not occur unless they occur simultaneously.

(b) The AT&T Entities will not be obligated to consummate the transactions contemplated by the Florida Agreement (the "Florida Closing") until all the conditions to AT&T's obligation to consummate the St. Louis Closing are met or waived or the St. Louis Closing is occurring simultaneously or the First St. Louis Closing has already occurred. Between the date of this Agreement and such closing, the AT&T Entities and the Charter Entities will negotiate in good faith to prepare a schedule ("Schedule 1") which will match up the assets to be transferred under the Florida Agreement (the "Florida Assets") against the assets to be transferred under the St. Louis Agreement owned by TCI Cable Partners of St. Louis, L.P., and TCI Cablevision of Missouri, Inc. (the "St. Louis Assets"), in a way that is tax efficient pursuant to Section 1031 of the Code. The portion of the St. Louis Assets making up the matched up assets (the "AT&T Matching Assets") will be listed on Schedule 1 with their Purchase Price values and, separately, the remaining St. Louis Assets (the "AT&T Unmatched Assets") will also be listed on Schedule 1 with their Purchase Price values. The AT&T Matching Assets shall include a cushion reasonably necessary, but as small as practical, to ensure that there are sufficient assets in all like-type and -kind categories to ensure a tax efficient matchup of assets pursuant to Section 1031 of the Code; provided that the value of the aggregate AT&T Matching Assets (such value, the "Matchup Holdback Amount") (which value shall be determined based on the proportionate share of the aggregate purchase price under the St. Louis Agreement attributable to the AT&T Matching Assets) shall be at least equal to the unadjusted purchase price pursuant to the Florida Agreement and shall not exceed $299 million.

(c) If the conditions to the Florida Closing and the St. Louis Closing (other than those conditions to be satisfied or waived at closing) have been or will be met or waived by June 30, 2001, then the closing of both transactions will occur pursuant to Section 6 below on the sooner of (i) the date three days after all the conditions to closing both transactions are met or waived; and (ii) June 30, 2001. If the conditions to the St. Louis Closing (other than those conditions to be satisfied or waived at closing) are or will be met or waived by June 30, 2001, but the conditions to the Florida Closing are not met by such date, then the St. Louis Closing will occur on June 30, 2001 pursuant to Sections 7 and 8 below.

(d) If the Florida Closing and the St. Louis Closing have not occurred by June 30, 2001, then, subject to the termination dates contained in the Florida Agreement and the St. Louis Agreement, the St. Louis Closing will occur three days after all the conditions to the St. Louis Closing (other than those conditions to be satisfied or

waived at closing) are met or waived. If all the conditions to the Florida Agreement (other than those conditions to be satisfied or waived at closing) are met at that time the closings will occur pursuant to Section 6 below and if the conditions to the Florida Closing are not met at such time the closings will occur pursuant to Sections 7 and 8 below.

6. Simultaneous St. Louis and Florida Closings. If the St. Louis Closing and the Florida Closing occur pursuant to this Section 6, then: (i) the St. Louis Closing and the Florida Closing will occur simultaneously; (ii) the cash consideration that the AT&T Entities are entitled to receive and that the Charter Entities are obligated to pay as the purchase price (as preliminarily adjusted as of the St. Louis Closing, the "St. Louis Purchase Price") for the St. Louis Assets, will be reduced by the amount of the purchase price (as preliminarily adjusted as of the Florida Closing, the "Florida Purchase Price") the AT&T Entities are obligated to pay for the Florida Assets and the AT&T Entities will not be obligated to pay the Florida Purchase Price. All subsequent adjustments with respect to the purchase price for the Florida Assets and the St. Louis Assets shall be paid in cash by the appropriate Charter Entities or AT&T Entities pursuant to the terms of the St. Louis Agreement and the Florida Agreement.

7. St. Louis Closing Prior to the Florida Closing. If the St. Louis Closing occurs pursuant to this Section 7, then the following (the "First St. Louis Closing") will occur:

(a) The assets identified on Schedule 1 as the "AT&T Unmatched Assets" will be transferred to the Charter Entities pursuant to the terms of the St. Louis Agreement and Section 6.3 of the St. Louis Agreement will be applicable with respect to all of the System Employees, as defined therein;

(b) The assets described on Schedule 1 as the AT&T Matching Assets will not be transferred;

(c) The St. Louis Purchase Price, as adjusted for all the St. Louis Assets (including the AT&T Matching Assets), will be reduced by the Matchup Holdback Amount;

(d) All subsequent adjustments with respect to the purchase price for the St. Louis Assets (including the AT&T Matching Assets) shall be paid in cash by the appropriate AT&T Entities or Charter Entities pursuant to the terms of the St. Louis Agreement; and

(e) The Charter Entities will manage the AT&T Matching Assets pursuant to a management agreement to be entered into at the First St. Louis Closing (the "Special Management Agreement") which will provide that: (i) The Charter Entities will receive a fixed management fee equal to 5% of the net cash flow (gross revenues less direct expenses, excluding capital expenditures) ("Net Cash Flow") generated by the AT&T Matching Assets during the term of the Special Management Agreement (the "Special Management Fee"); (ii) The AT&T Entities will receive the Net Cash Flow

generated by the AT&T Matching Assets during the term of the Management Agreement; (iii) the AT&T Entities will reimburse the Charter Entities for the direct expenses incurred by the Charter Entities in connection with the management of the AT&T Matching Assets, as incurred; (iv) the AT&T Entities shall reimburse the Charter Entities for the amount of capital expenditures (including maintenance, capital and inventory) made by the Charter Entities with respect to the AT&T Matching Assets as incurred, provided that in no event shall the amount reimbursed for such capital expenditures exceed an amount equal to the Net Cash Flow minus the Special Management Fee; and (v) The AT&T Entities will bear all risk of loss (other than loss caused by the Charter Entities' management of the AT&T Matching Assets) with respect to the AT&T Matching Assets during the term of the Special Management Agreement. The Special Management Fee shall be payable annually, or if earlier, upon termination of the Special Management Agreement. The date on which the St. Louis closing occurs pursuant to Section 6 or the First St. Louis Closing occurs pursuant to Section 7 shall be referred to as the "St. Louis Closing Date".

8. Second Closing. If the First St. Louis Closing occurs pursuant to Section 7, then, upon all conditions to the Florida Closing being met (other than those conditions to be satisfied or waived at closing), the following (the "Second St. Louis Closing") will occur, subject to the Charter Entities' condition to closing that there has been no Material Adverse Effect (as defined in the St. Louis Agreement) with respect to the AT&T Matching Assets:

(a) The Florida Assets will be transferred to the AT&T Entities pursuant to the Florida Agreement and Schedule 1;

(b) The AT&T Matching Assets will be transferred to the Charter Entities pursuant to the St. Louis Agreement and Schedule 1;

(c) The Charter Entities shall pay to the AT&T Entities an amount in cash equal to (i) the Matchup Holdback Amount, minus (ii) the Florida Purchase Price (provided, if such amount is negative, the amount shall be paid by the AT&T Entities to the Charter Entities);

(d) No adjustments will be made under the St. Louis Agreement with respect to the AT&T Matching Assets;

(e) The Special Management Agreement will terminate;

(f) The Charter Entities shall pay to the AT&T Entities an amount in cash equal to the amount of interest calculated at 7% per annum on a principal sum equal to the Matchup Holdback Amount, compounded daily from the time of the First St. Louis Closing until the Second St. Louis Closing; and

(g) All subsequent adjustments with respect to the purchase price for the Florida Assets shall be paid in cash by the appropriate Charter Entities or AT&T Entities pursuant to the terms of the Florida Agreement.

9. Failure of Florida Closing to Occur. If the First St. Louis Closing has occurred and the conditions to the Florida Closing are not met by the date which is one year from the date hereof, or, if prior to such date, the Florida Agreement is terminated pursuant to its terms, then: (i) the Charter Entities will pay the AT&T Entities the Matchup Holdback Amount plus interest thereon calculated at 7% per annum compounded daily from the time of the First St. Louis Closing until the date of such payment; (ii) The AT&T Entities will transfer the AT&T Matching Assets to the Charter Entities; and (iii) The Special Management Agreement will terminate.

10. Material Adverse Effect. If there is an event which has a Material Adverse Effect, as defined in the St. Louis Agreement, on the AT&T Matching Assets that is not caused by the management of the AT&T Matching Assets by the Charter Entities, between the time of the First St. Louis Closing and the time all the conditions to the Florida Closing are met, the Charter Entities will not be obligated to close on the AT&T Matching Assets and the parties will negotiate in good faith to determine how to proceed.

11. Section 1031 Intent and Mechanics with respect to Florida and St. Louis Assets. The exchanges of assets pursuant Sections 6, 7 and 8 are intended to qualify, to the extent reasonably possible as a tax free exchange of like-kind assets under Section 1031 of the Code (the "Exchanges"). The AT&T Entities and the Charter Entities agree to use all reasonable efforts to structure the Exchanges in such a way that to the extent reasonably possible it will be a tax free exchange of like-kind assets under Section 1031 of the Code, including either Party's assignment of its rights under this Agreement to a "qualified intermediary" engaged by such Party to effectuate a deferred like-kind exchange under Section 1031 of the Code.

(a) Method of Exchange. The Exchange described in Sections 6, 7 and 8 is to occur as follows: (i) the AT&T tangible personal property and the Charter tangible personal property are being exchanged each for the other; (ii) AT&T's Real Property (as defined in the St. Louis Agreement) included in the AT&T Matching Assets and Charter's Real Property (as defined in the Florida Agreement) are being exchanged each for the other; and (iii) AT&T's Contracts, Franchises, Licenses and Intangibles (each as defined in the St. Louis Agreement) included in the AT&T Matching Assets and Charter's Contracts, Franchises, Licenses and Intangibles (each as defined in the Florida Agreement) are being exchanged each for the other. In each case, the assets described in this Section 9(a) shall be exchanged each for the other in "Exchange Groups" as defined under Treasury Regulations Sections 1.1031(a)-2 and 1.1031(j)-1, and in each case to the maximum extent permitted by Section 1031 of the Code and the regulations promulgated thereunder. Liabilities assumed or taken subject to by

each party are being exchanged each for the other to the maximum extent permitted under Section 1031 of the Code and regulations thereunder.

(b) Calculation of Gross Values. For the purposes of this Agreement, the gross value of AT&T's Assets (as defined in the St. Louis Agreement) comprising the Systems (as defined in the St. Louis Agreement) included in the AT&T Matching Assets in each AT&T Entity shall be as set forth on Schedule 1 (each, an "AT&T System Value") and the gross value of Charter's Assets (as defined in the Florida Agreement) comprising the Systems (as defined in the Florida Agreement) transferred to each AT&T Entity shall be as set forth on Schedule 2 (each, a "Charter System Value").

(c) Allocation of Value. Following Closing, the Parties shall use reasonable good faith efforts to agree on the value to be allocated to the tangible personal property and real property included in the Assets pursuant to Treasury Regulations relating to like-kind exchanges of multiple assets under Section 1031 of the Code. In the event the Parties fail, within 90 days after Closing, to reach agreement on the allocation of value, then the Parties shall hire an appraiser (the "Appraiser") to prepare with respect to this Agreement, not later than 120 days after Closing, a written report regarding the value to be allocated to the tangible personal property and real property included in the Assets pursuant to Treasury Regulations relating to like-kind exchanges of multiple assets under Section 1031 of the Code. The fees of the Appraiser will be split equally between the Parties. The Parties agree that for purposes of Sections 1031 and 1060 of the Code and the regulations thereunder, each will report the transactions contemplated by this Agreement in accordance with the values determined by this Section 9(c). Each party promptly will give the other notice of any disallowance or challenge of asset values by the Internal Revenue Service or any state or local tax authority.

(d) Retained Franchises. If there are any "Retained Franchises" as defined in the St. Louis Agreement and the Florida Agreement which are part of the AT&T Matching Assets or the Florida Assets, after either the First St. Louis Closing or the Second St. Louis Closing then the Parties will work together in good faith to identify and hold back corresponding assets so as to fully utilize the benefits of Section 1031 of the Code consistent with Section 6.5.4 of the St. Louis Agreement and the Section 6.5.4 Florida Agreement.

12. TCG. The Charter Entities will not be required to consummate the St. Louis Closing unless they shall have received written confirmation, in form and substance reasonably acceptable to the Charter Entities, from Teleport Communications Group Inc. ("TCG") that:

(a) Notwithstanding Section 1(a) of each of the agreements with TCG set forth on Schedule 4.6.XI of the St. Louis Agreement (collectively, the "ARFA Agreements"),

the indefeasible rights to use granted to TCG under each of the ARFA Agreements shall not extend to any assets, rights or properties other than those facilities set forth in previously scheduled buildouts pursuant to the ARFA Agreements (which schedules have been, or within 30 days after the date of this Agreement will be, provided by the AT&T Entities to the Charter Entities) or those schedules entered into prior to the St. Louis Closing Date in accordance with Section 6.31 of the St. Louis Agreement (such Facilities, the "Specified Facilities"). The buildout of all Specified Facilities shall be complete prior to the St. Louis Closing Date, and Grantor shall not be required to perform any additional buildout with respect to the Specified Facilities; provided that the buildout of the Specified Facilities set forth on Schedule 2 attached hereto may be completed after the St. Louis Closing Date provided that the AT&T Entities will be responsible for all costs associated with such buildouts.

(b) The Charter Entities shall not be subject to any obligations set forth in Section 1(b) or Section 8 of the ARFA Agreements, including any obligations pursuant to such sections to provide information, perform buildouts or allow overlashing after the Closing Date;

(c) The Charter Entities' obligations pursuant to clause (ii) of Section 24 of the ARFA Agreements shall be limited to the requirement to negotiate in good faith; and the Charter Entities' obligations pursuant to clause (iii) of Section 24 of the ARFA Agreements shall be limited to utilizing commercially reasonable efforts;

(d) The obligations set forth in Sections 25 and 26 of the ARFA Agreements shall apply only to the extent that they relate to the Specified Facilities;

(e) Section 30(c) of each of the ARFA Agreements shall be amended and restated to read in its entirety as follows:

"(c) Governing Law and Binding Effect. This Agreement shall be governed by and construed and enforced in accordance with the law (other than the law governing conflicts of law questions) and decisions of the State of New York applicable to contracts made and to be performed entirely therein. This Agreement shall bind and inure to the benefit of each of the parties and their successors and permitted assigns (including any successors and assigns to any Grantor System related to the Specified Facilities, or portion thereof), and Grantor shall assign its rights, privileges and obligations under this Agreement to any purchaser, operator or other transferee of any portion of any System related to the Specified Facilities, with prior written notice to Grantee."; and

(f) The provisions set forth in clauses (a) through (e) above shall inure to the benefit of all transferees, successors or assigns of the Charter Entities and any subsequent operators.

(g) Notwithstanding anything in the St. Louis Agreement to the contrary, Section 6.30 of the St. Louis Agreement is hereby amended to add the following provision to the end of such Section:

> "Notwithstanding the foregoing, nothing in this Section 6.30 shall affect assets owned or primarily used by TCG (but excluding any assets owned by Seller or its Affiliates) to support the Telephony Business or obligate TCG to provide services to Buyer."

(h) Notwithstanding anything in the St. Louis Agreement to the contrary, Section 6.31 of the St. Louis Agreement is hereby amended and restated to read as follows:

> "6.31. Additional TCG Obligations. Prior to the Closing Date, Seller will not agree to build additional facilities for TCG or permit TCG to overlash or interconnect with the Systems (and Seller shall cause TCG not to do any of the foregoing) pursuant to the Amended and Restated Facilities Agreements between Sellers and TCG and their Affiliates referenced in Schedule 4.6.XI hereto (the "ARFAs") without the consent of Buyer, in its sole discretion."

13. Telephony.

(a) In order to facilitate discussions with respect to the potential continuation by the Charter Entities of the AT&T Entities' local exchange telephony business in the Service Areas described in the St. Louis Agreement ("Telephony Business") following the First St. Louis Closing, the AT&T Entities shall, within 30 days after the date of this Agreement, deliver to the Charter Entities worksheets setting forth the AT&T Entities' projections with respect to the potential operation of the Telephony Business in the Systems following the First St. Louis Closing. If the AT&T Entities and the Charter Entities are not able to reach agreement on the transfer of the Telephony Business pursuant to Section 6.30 of the St. Louis Agreement, then the AT&T Entities may, at their option, (i) elect on or before the Closing Date to continue to operate the Telephony Business for no more than 24 months following the First St. Louis Closing, or (ii) if no such election is made, within the 60-day period following the First St. Louis Closing and subject to applicable Legal Requirements, cease the operations of the Telephony Business.

(b) If the AT&T Entities elect to continue to operate the Telephony Business under Section 13(a)(i), the Charter Entities will reasonably cooperate with the AT&T

Entities, at the AT&T Entities' expense, including the provision of technical support and the lease, on reasonable business terms, of the Charter Entities' facilities. In addition, and in such event, the parties will enter into a mutually acceptable co-branding agreement under which they will jointly brand and market the Telephony Business.

(c) The Charter Entities shall further reasonably cooperate with the AT&T Entities in connection with the termination of the Telephony Business, whether at the conclusion of the AT&T Entities' operations under Section 13(a)(i) or as contemplated in Section 13(a)(ii). In connection with such termination of the Telephony Business, the AT&T Entities, on the one hand, and the Charter Entities, on the other, shall share equally the net out-of-pocket costs incurred by both the AT&T Entities (not including costs incurred to AT&T Affiliates including TCG) and the Charter Entities in connection with such termination (including employee severance costs); provided, however, that if the AT&T Entities elect to continue the operation of the Telephony Business under Section 13(a)(i), the Charter Entities' share of such costs will not exceed their share of such costs had the Telephony Business been terminated under Section 13(a)(ii), as reasonably estimated by the parties at the First Closing.

14. Capital Budgets. The capital budgets referenced in Section 3.2.5 of the Alabama Purchase Agreement, the Nevada Purchase Agreement, the St. Louis Agreement and the Florida Agreement, and in Section 3.3.5 of each of the Reorganization Agreements are attached hereto.

15. Agreements Survive. All covenants and agreements set forth in this Agreement shall survive the closings pursuant to the Acquisition Agreements.

16. Miscellaneous. This Agreement will be governed by, and construed in accordance with, the laws of the State of Delaware, without regard to principles of conflicts of law. This Agreement may not be amended except pursuant to an instrument in writing signed by each party hereto. This Agreement may be executed in one or more counterparts, each of which will be deemed an original and all of which will constitute one and the same instrument. This Agreement has been negotiated by the parties hereto 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 will not apply in its construction or interpretation.

[SIGNATURE PAGE FOLLOWS]

The parties are signing this Agreement Regarding Closing Matters as of the date first written above.

AT&T BROADBAND, LLC
ON BEHALF OF THE AT&T ENTITIES

By /s/ Alfredo Di Blasio

Alfredo Di Blasio
Authorized Signatory

CHARTER COMMUNICATIONS, INC.
ON BEHALF OF THE CHARTER ENTITIES

By /s/ Curtis S. Shaw

Curtis S. Shaw
Senior Vice President

EXHIBIT 3.1(b)

CERTIFICATE OF AMENDMENT
OF
RESTATED CERTIFICATE OF INCORPORATION
OF

CHARTER COMMUNICATIONS, INC.,
A DELAWARE CORPORATION

Charter Communications, Inc., a corporation organized and existing under the laws of the State of Delaware, hereby certifies as follows:

1. That Paragraph (a) of Article THIRD of the Restated Certificate of Incorporation of this corporation is amended to read in full as follows:

"(a) CORPORATE PURPOSE. The purpose of the Corporation is to engage in any lawful act or activity for which a corporation may be organized under the General Corporation Law of the State of Delaware (the "GCL"); (i) provided, however, that until all outstanding shares of Class B Common Stock of the Corporation (as hereinafter defined) have been converted into shares of Class A Common Stock of the Corporation (as hereinafter defined) in accordance with Clause (b)(viii) of Article Fourth of this Certificate of Incorporation, the Corporation shall not engage directly or indirectly, including without limitation through any Subsidiary, in any business other than (A) the cable transmission business, (B) as a member or shareholder of, and subscriber to, the portal joint venture with Broadband Partners, (C) as an owner and operator of the business of Interactive Broadcaster Services Corporation, a California corporation ("IBSC"), which shall include solely the ownership of its assets and continuation of its business substantially as owned and conducted at the effective time of the merger of this Corporation with IBSC, (D) as a member of and service provider to the joint venture for the development of a licensable reference design for a cable set-top box with functionalities of a video cassette recorder and a personal video recorder, (E) as a member of Cable Sports Southeast, LLC, a Delaware limited liability company ("Cable Sports"), so long as Cable Sports continues to conduct substantially the same business conducted by it on October 24, 2000, and (F) as a shareholder of High Speed Access Corp., a Delaware corporation ("HSA"), so long as HSA continues to conduct substantially the same business as conducted by it at the time of the consummation of the transactions contemplated by the Stock Purchase Agreement dated as of October 19, 2000 among the Corporation, HSA and Vulcan Ventures Incorporated, as it may be amended from time to time; and (ii) provided further, that to the extent that, as of the date of the closing of the initial registered public offering of shares of Class A Common Stock on Form S-1 (the "IPO Date"), the Corporation was directly or indirectly engaged in or had agreed to acquire directly or indirectly any business other than a cable transmission business or as a member of, and subscriber to, the portal joint venture with Broadband Partners (any such other business, an "Incidental Business," and collectively, "Incidental Businesses") so long as (A) such Incidental Businesses so engaged in by the Corporation on the IPO Date in the aggregate on such date accounted for less than ten percent (10%) of the consolidated revenues of the total business engaged in by the Corporation or (B) such Incidental Businesses which on the IPO Date the Corporation had agreed to acquire in the aggregate on such date accounted for less than ten percent (10%) of the consolidated revenues of the total businesses to be acquired, as applicable, the Corporation may, directly or indirectly, including through any Subsidiary, continue to conduct any such Incidental Business and the foregoing limitation on the business and purpose of the Corporation shall not require that any such Incidental Business be divested by the Corporation, but the Corporation shall not, directly or indirectly, expand any such Incidental Business by means of any acquisition or any commitment of the Corporation's or any Subsidiary's resources or financial support. "Cable transmission business" means the transmission of video, audio (including telephony) and data over cable television systems owned, operated or managed by the Corporation or any Subsidiary; provided, that, the businesses of RCN Corporation and its subsidiaries shall not be deemed to be a cable transmission business. "Subsidiary" means any corporation, limited

liability company, partnership, association, joint venture or other business entity of which (i) if a corporation, ten percent (10%) or more of the total voting power of shares of stock entitled to vote in the election of directors thereof or ten percent (10%) or more of the value of the equity interests is at the time owned or controlled, directly or indirectly, by the Corporation or one or more of its Subsidiaries, or (ii) if a limited liability company, partnership, association or other business entity, ten percent (10%) or more of the partnership or other similar ownership interests thereof is at the time owned or controlled, directly or indirectly, by the Corporation or one or more of its Subsidiaries. The Corporation shall be deemed to have a ten percent (10%) or greater ownership interest in a limited liability company, partnership, association or other business entity gains or losses or shall be or control the person managing such limited liability company, partnership, association or other business entity."

2. Said Amendment has been duly adopted in accordance with the provisions of Section 242 of the Delaware General Corporation Law, by approval of the Board of Directors of the corporation and by the affirmative vote of the holders of at least a majority of the outstanding Class B Common Stock entitled to vote thereon.

IN WITNESS WHEREOF, CHARTER COMMUNICATIONS, INC. has caused this Certificate of Amendment of Certificate of Incorporation to be signed by its Sr. Vice Pres. this 24th day of October, 2000.

CHARTER COMMUNICATIONS, INC.

By: /s/ CURTIS S. SHAW

Name: Curtis S. Shaw
Title: Sr. Vice President

EXHIBIT 10.20(b)

SECOND AMENDMENT TO THE
AMENDED AND RESTATED LIMITED LIABILITY COMPANY AGREEMENT
FOR

CHARTER COMMUNICATIONS HOLDING COMPANY, LLC
A DELAWARE LIMITED LIABILITY COMPANY

This Second Amendment to the Amended and Restated Limited Liability Company Agreement for Charter Communications Holding Company, LLC, a Delaware limited liability company ("COMPANY"), is adopted effective as of October 24, 2000 ("EFFECTIVE DATE") by Charter Communications, Inc., a Delaware corporation ("PUBLICCO"), with reference to the following facts:

A. The Company is being operated pursuant to that certain Amended and Restated Limited Liability Company Agreement entered into and made effective as of February 14, 2000, by and among Charter Investment, Inc, Vulcan Cable III Inc., PublicCo, and certain other parties, as amended (the "LLC AGREEMENT"). Unless otherwise defined, capitalized terms used herein have the meanings assigned to them in the LLC Agreement.

B. In connection with certain transactions entered into or to be entered into by PublicCo and its subsidiaries, the certificate of incorporation of PublicCo has been amended. PublicCo desires to make certain conforming changes to the LLC Agreement.

C. Section 10.11 of the LLC Agreement provides that an amendment to the LLC Agreement to incorporate the changes made by this Second Amendment shall be effective as an amendment upon the approval of Members holding more than fifty percent (50%) of the Class B Common Units. On the Effective Date, PublicCo owns all outstanding Class B Common Units and desires to approve the amendments to the LLC Agreement made by this Second Amendment.

NOW, THEREFORE, the LLC Agreement is hereby amended as follows:

1. Section 2.5 of the LLC Agreement is amended and restated in its entirety to read as follows:

2.5 Purpose of Company. The Company may carry on any lawful business, purpose, or activity that may be carried on by a limited liability company under applicable law; (i) provided, however, that, until all outstanding shares of Class B Common Stock have been converted into shares of Class A Common Stock in accordance with Clause (b)(viii) of Article Fourth of PublicCo's certificate of incorporation as constituted as of the Class B Common Measuring Date, without the Approval of the Class A Common Members, the Company shall not engage directly or indirectly, including without limitation through any Subsidiary, in any business other than (A) the Cable Transmission Business (as defined below), (B) as a member or shareholder of, and subscriber to, the portal joint venture with Broadband Partners, (C) as an owner and operator of the business of Interactive Broadcaster Services Corporation, a California corporation, which shall include solely the ownership of its assets and continuation of its business substantially as owned and conducted as of September 13, 2000, (D) as a member of and service provider to the joint venture for the development of a licensable reference design for a cable set-top box with functionalities of a video cassette recorder and a personal video recorder, (E) as a member of Cable Sports Southeast, LLC, a Delaware limited liability company ("Cable Sports"), so long as Cable Sports continues to conduct substantially the same business conducted by it on October 24, 2000, and (F) as a shareholder of High Speed Access Corp., a Delaware corporation ("HSA"), so long as HSA continues to conduct substantially the same business as conducted by it at the time of the consummation of the transactions contemplated by the Stock Purchase Agreement dated as of October 19, 2000 among Charter Communications Ventures, LLC, HSA and Vulcan Ventures Incorporated, as it may be amended from time to time; (ii) provided further, that to the extent that, as of the Class B Common Measuring Date, the Company was directly or indirectly engaged in or had agreed to acquire directly

or indirectly any business other than the Cable Transmission Business or as a member of, and subscriber to, the portal joint venture with Broadband Partners (any such other business, an "INCIDENTAL BUSINESS," and collectively, "INCIDENTAL BUSINESSES"), so long as (a) such Incidental Businesses so engaged in by the Company on the Class B Common Measuring Date in the aggregate on such date accounted for less than ten percent (10%) of the consolidated revenues of the total business engaged in by the Company or (b) such Incidental Businesses which on the Class B Common Measuring Date the Company had agreed to acquire in the aggregate on such date accounted for less than ten percent (10%) of the consolidated revenues of the total businesses to be acquired, as applicable, the Company may, directly or indirectly, including through any Subsidiary, continue to conduct any such Incidental Business and the foregoing limitation on the business and purpose of the Company shall not require that any such Incidental Business be divested by the Company, but the Company shall not, directly or indirectly, expand any such Incidental Business by means of any acquisition or any commitment of the Company or its Subsidiaries' resources or financial support. "CABLE TRANSMISSION BUSINESS" means the transmission of video, audio (including telephony) and data over cable television systems owned, operated or managed by the Company or its Subsidiaries; provided, that the businesses of RCN Corporation and its Subsidiaries shall not be deemed to be a Cable Transmission Business.

2. The first two paragraphs of Section 5.7 are amended and restated in their entirety to read as follows:

5.7 Competing Activities. Except as provided by any individual contract: (i) any Manager or Member (and their respective officers, directors, agents, shareholders, members, partners or Affiliates) may engage or invest in, independently or with others, any business activity of any type or description, including without limitation those that might be the same as or similar to the Company's business or the business of any Subsidiary and that might be in direct or indirect competition with the Company or any Subsidiary; (ii) neither the Company or any Subsidiary nor any Member shall have any right in or to such other ventures or activities or to the income or proceeds derived therefrom; (iii) no Manager or Member (and their respective officers, directors, agents, shareholders, members, partners or Affiliates) shall be obligated to present any investment opportunity or prospective economic advantage to the Company or any Subsidiary, even if the opportunity is of the character that, if presented to the Company or any Subsidiary, could be taken by the Company or any Subsidiary; and (iv) any Manager or Member (and their respective officers, directors, agents, shareholders, members, partners or Affiliates) shall have the right to hold any investment opportunity or prospective economic advantage for such Manager's or Member's (and their respective officers', directors', agents', shareholders', members', partners' or Affiliates') own account or to recommend such opportunity to Persons other than the Company or any Subsidiary; (i) provided that as a condition to election as Manager and receiving a Membership Interest in the Company upon consummation of the IPO, PublicCo agrees that until all outstanding shares of Class B Common Stock have been converted into shares of Class A Common Stock in accordance with Clause (b)(viii) of Article Fourth of PublicCo's certificate of incorporation as constituted as of the Class B Common Measuring Date, it shall not engage directly or indirectly, including without limitation through any Subsidiary, in any business other than (A) the Cable Transmission Business, (B) as a member or shareholder of, and subscriber to, the portal joint venture with Broadband Partners; (C) as an owner and operator of the business of Interactive Broadcaster Services Corporation, a California corporation, which shall include solely the ownership of its assets and continuation of its business substantially as owned and conducted as of September 13, 2000; (D) as a member of and service provider to the joint venture for the development of a licensable reference design for a cable set-top box with functionalities of a video cassette recorder and a personal video recorder; (E) as a member of Cable Sports Southeast, LLC, a Delaware limited liability company ("Cable Sports"), so long as Cable Sports continues to conduct substantially the same business conducted by it on October 24, 2000; and (F) as a shareholder of High Speed Access Corp., a Delaware corporation ("HSA"), so long as HSA continues to conduct substantially the same business as conducted by it at the time of the consummation of the transactions contemplated by the

Stock Purchase Agreement dated as of October 19, 2000 among Charter Communications Ventures, LLC, HSA and Vulcan Ventures Incorporated, as it may be amended from time to time; (ii) provided further, that to the extent that, as of the Class B Common Measuring Date, PublicCo was directly or indirectly engaged in, or had agreed to acquire directly or indirectly, an Incidental Business, so long as (a) such Incidental Businesses so engaged in by PublicCo on the Class B Common Measuring Date in the aggregate on such date accounted for less than ten percent (10%) of the consolidated revenues of the total business engaged in by PublicCo, or (b) such Incidental Businesses which on the Class B Common Measuring Date PublicCo had agreed to acquire in the aggregate on such date accounted for less than ten percent (10%) of the consolidated revenues of the total businesses to be acquired, as applicable, PublicCo may, directly or indirectly, including through any Subsidiary, continue to conduct any such Incidental Business and the foregoing limitation on the business and purpose of PublicCo shall not require that any such Incidental Business be divested by PublicCo, but PublicCo shall not, directly or indirectly, expand any such Incidental Business by means of any acquisition or any commitment of PublicCo or its Subsidiaries' resources or financial support. PublicCo also agrees that it shall not (i) hold any assets, other than (a) working capital cash and cash equivalents held for the payment of current obligations and receivables from the Company; (b) Common Units; (c) back-to-back obligations and mirror equity interests of the Company, consisting of obligations and equity securities (other than Common Units, but including convertible securities), which are substantially equivalent to liabilities or obligations or securities of PublicCo to third parties; (d) assets subject to an existing obligation to contribute such assets (or successor assets) to the Company in exchange for Units; (e) assets acquired as a result of the issuance of (x) common stock of PublicCo and/or preferred stock of PublicCo and/or (y) liabilities or obligations of PublicCo, subject to an existing obligation to contribute such assets (or successor assets) to the Company in exchange for Common Units (in respect of the common stock of PublicCo issued) and/or for mirror equity securities (other than Common Units, but including convertible securities, in respect of the mirror equity securities issued) of the Company and/or liabilities or obligations of the Company (in respect of the liabilities or obligations incurred), which are substantially equivalent to the equity securities and/or liabilities and obligations of PublicCo issued to acquire such assets; or (f) goodwill or deferred tax assets, or (ii) incur any liabilities or obligations for borrowed money, for acquisition of assets or under any capital lease, other than (a) in connection with back-to-back obligations of the Company to PublicCo consisting of liabilities or obligations of the Company which are substantially equivalent to liabilities or obligations of PublicCo to a third party; (b) liabilities or obligations incident to the acquisition of Units in exchange for common stock of PublicCo; or (c) liabilities or obligations as contemplated by Clauses (i)(d) and (e) immediately above. PublicCo further agrees (x) that it shall not issue, transfer from treasury stock or repurchase shares of its common stock unless in connection with any such issuance, transfer, or repurchase PublicCo takes all requisite action such that, after giving effect to all such issuances, transfers or repurchases, the number of outstanding shares of common stock will equal on a one-for-one basis the number of Common Units owned by PublicCo; (y) that it shall not issue, transfer from treasury stock or repurchase shares of preferred stock of PublicCo unless in connection with any such issuance, transfer or repurchase PublicCo takes all requisite action such that, after giving effect to all such issuances, transfers or repurchases, PublicCo holds mirror equity interests of the Company which are in the aggregate substantially equivalent to the outstanding preferred stock of PublicCo; and (z) upon any reclassification of the Common Units, whether by combination, division or otherwise, it shall take all requisite action so that the number of outstanding shares of common stock will equal on a one-for-one basis the number of Common Units owned by PublicCo.

The Company agrees that, until all outstanding shares of Class B Common Stock have been converted into shares of Class A Common Stock in accordance with Clause (b)(viii) of Article Fourth of PublicCo's certificate of incorporation as constituted as of the Class B Common Measuring Date, without the Approval of the Class A Common Members, (i) the Company shall not engage directly or indirectly, including without limitation through any Subsidiary, in any

business other than (A) the Cable Transmission Business, (B) as a member or shareholder of and subscriber to, the portal joint venture with Broadband Partners, (C) as an owner and operator of the business of Interactive Broadcaster Services Corporation, a California corporation, which shall include solely the ownership of its assets and continuation of its business substantially as owned and conducted as of September 13, 2000, (D) as a member of and service provider to the joint venture for the development of a licensable reference design for a cable set-top box with functionalities of a video cassette recorder and a personal video recorder, (E) as a member of Cable Sports Southeast, LLC, a Delaware limited liability company ("Cable Sports"), so long as Cable Sports continues to conduct substantially the same business conducted by it on October 24, 2000, and (F) as a shareholder of High Speed Access Corp., a Delaware corporation ("HSA"), so long as HSA continues to conduct substantially the same business as conducted by it at the time of the consummation of the transactions contemplated by the Stock Purchase Agreement dated as of October 19, 2000 among the Charter Communications Ventures, LLC, HSA and Vulcan Ventures Incorporated, as it may be amended from time to time; and (ii) to the extent that, as of the Class B Common Measuring Date, the Company was directly or indirectly engaged in, or had agreed to acquire directly or indirectly, an Incidental Business, so long as (a) such Incidental Businesses so engaged in by the Company on the Class B Common Measuring Date in the aggregate on such date accounted for less than ten percent (10%) of the consolidated revenues of the total business engaged in by the Company or (b) such Incidental Businesses which on the Class B Common Measuring Date the Company had agreed to acquire in the aggregate on such date accounted for less than ten percent (10%) of the consolidated revenues of the total businesses to be acquired, as applicable, the Company may, directly or indirectly, including through any Subsidiary, continue to conduct any such Incidental Business and the foregoing limitation on the business and purpose of the Company shall not require that any such Incidental Business be divested by the Company, but the Company shall not, directly or indirectly, expand any such Incidental Business by means of any acquisition or any commitment of the Company or its Subsidiaries' resources or financial support.

IN WITNESS WHEREOF, the undersigned has executed this Second Amendment, effective as of the date first written above.

Charter Communications, Inc.

By: /s/ CURTIS S. SHAW

Curtis S. Shaw
Senior Vice President

EXHIBIT 10.24
CONFORMED COPY

GOLDMAN SACHS CREDIT PARTNERS L.P.
C/O GOLDMAN, SACHS & CO.
85 BROAD STREET
NEW YORK, NEW YORK 10004

MORGAN STANLEY SENIOR FUNDING, INC.
1585 BROADWAY
NEW YORK, NEW YORK 10036

COMMITMENT LETTER

PERSONAL AND CONFIDENTIAL

February 26, 2001

Mr. Kent Kalkwarf
Chief Financial Officer
Charter Communications Holdings, LLC
Charter Communications Holdings Capital Corporation
12444 Powerscourt Drive
St. Louis, Missouri 63131

Ladies and Gentlemen:

We are pleased to confirm the arrangements under which Goldman Sachs Credit Partners L.P. ("GSCP") and Morgan Stanley Senior Funding, Inc. ("MSSF" and, together with GSCP, the "Administrative Agents") are exclusively authorized by Charter Communications Holdings, LLC and Charter Communications Holdings Capital Corporation (collectively, "Charter") to act as joint arrangers and joint syndication agents in connection with the bridge loans described herein, and, together with any additional initial lenders arranged for by Charter pursuant to Section 1(b) hereof and made party to this Commitment Letter (collectively with GSCP and MSSF, the "Initial Lenders") and any other entities that become lenders in accordance with the syndication arrangements set forth below (collectively with the Initial Lenders, the "Lenders"), commit, severally and not jointly, to provide the bridge loans described herein, in each case on the terms and subject to the conditions set forth in this letter and the attached Annex A (together, the "Commitment Letter") and the Fee Letter (as defined below).

We understand that Charter has entered into agreements, dated today, with AT&T Broadband & Internet Services ("AT&T") to acquire certain cable systems owned by AT&T in Alabama, Missouri and Nevada (collectively, the "Acquisition"). We understand that Charter may require funds on an interim basis, in the form of bridge loans, to fund the Acquisition and Charter's accelerated capital expenditure plan and for general corporate purposes.

1. Commitment. (a) Each of GSCP and MSSF is pleased to confirm its commitment (each a "Commitment"), severally and not jointly, to provide Charter with Senior Increasing Rate Bridge Loans (the "Bridge Loans"), in the principal amount set forth opposite its name on Schedule I hereto, or such lesser pro rata amount as Charter may specify, having the terms set forth on Annex A, on the terms and subject to the conditions contained in this Commitment Letter; provided that the Commitments of GSCP and MSSF shall be reduced, on a pro rata basis, by an amount equal to the aggregate amount of additional commitments arranged by Charter pursuant to Section 1(b) hereof. Each Lender's Commitment is subject to the conditions set forth in this Commitment Letter, including, without limitation, the conditions precedent set forth in Annex A hereto, and to the negotiation, execution and delivery of definitive documentation, including, without limitation, a bridge loan agreement (the "Bridge Loan Agreement"), consistent with the terms of Annex A hereto and satisfactory to each of Charter, the Lenders and their counsel and the satisfaction of the terms, conditions and covenants contained therein. The terms of this Commitment Letter are intended as an outline of certain of the material terms of the Bridge Loans, but do not include all of the terms, conditions, covenants, representations, warranties, default clauses and other provisions that will be contained in the Bridge Loan Agreement.

(b) Charter shall have the right, for a period of 15 business days after the date of the first announcement by Charter of the proposed Acquisition, to arrange for additional banks or financial institutions to commit to provide Bridge Loans pursuant to this Commitment Letter up to an aggregate amount of $600 million, subject to the consent of the Administrative Agents to any such additional bank or financial institution (which consent will not be unreasonably withheld). Charter, GSCP and MSSF agree to amend and restate this Commitment Letter as soon as practicable after the earlier of (x) the last day of such 15-day period and (y) the date that Charter notifies the Administrative Agents that it has arranged an aggregate of $600 million in additional commitments hereunder, to add hereto any such additional banks or financial institutions and to reflect their respective commitments to provide Bridge Loans in accordance with the terms of this Commitment Letter (as well as their pro rata allocation of the fees set forth in the Fee Letter (as herein defined)), the maximum aggregate commitments hereunder for all Lenders not to exceed $2 billion.

(c) Notwithstanding the foregoing, if the Acquisition or any part thereof is not completed for any reason or if either Charter or AT&T, or any of their respective affiliates, publicly announces its intent (or if Charter decides or is notified that AT&T has decided) not to pursue or complete the Acquisition or any part thereof for any reason, the Commitments of the Lenders hereunder shall be automatically and permanently reduced, on a pro rata basis, by the principal amount or amounts set forth on Schedule II hereto, up to $1 billion. Charter shall promptly notify the Administrative Agents of any decision by it or AT&T not to pursue or complete the Acquisition or any part thereof.

2. Fees and Expenses. The fees for these services are set forth in a separate fee letter (the "Fee Letter"), dated the date hereof, entered into by GSCP, MSSF and Charter. In addition, pursuant to an engagement letter (the "Engagement Letter"), dated the date hereof, among Charter, Charter Communications, Inc., Goldman, Sachs & Co. ("Goldman Sachs") and Morgan Stanley & Co. Incorporated ("Morgan Stanley" and, together with Goldman Sachs, the "Underwriters"), Charter and Charter Communications, Inc. have agreed to offer the Underwriters the right to act as the exclusive initial purchasers, underwriters or placement agents in connection with the sale of Securities (as defined in the Engagement Letter) and to offer Goldman Sachs and Morgan Stanley the right to act as joint bookrunners, in each case, pursuant to the terms of the Engagement Letter.

3. Syndication. The Administrative Agents intend and reserve the right to syndicate the Commitments and/or the Bridge Loans to other Lenders (the "Syndication"), subject to Section 1(b) hereof. The Administrative Agents will lead the Syndication, including determining the timing of all offers to potential Lenders and the acceptance of commitments, any title of agent or similar designations awarded to Lenders, the amounts offered and the compensation provided to each Lender from the amounts to be paid to the Administrative Agents pursuant to the terms of this Commitment Letter and the Fee Letter. Subject to Section 1(b), the Administrative Agents will determine the identity of any entities that become Lenders after the date hereof and the final commitment allocations subject to the consent of Charter, which will not be unreasonably withheld, and will notify Charter of such determinations. Pursuant to the syndication process described herein, the rights and obligations of each Lender, including the right and obligation to make any Bridge Loan, may (with the consent of the Administrative Agents (in their sole discretion) prior to the earlier of (x) the date that is four months after the Closing Date (as defined in Annex A) and (y) the date on which the Syndication has been completed (as determined by the Administrative Agents), and thereafter with the consent of the Administrative Agents (such consent not to be unreasonably withheld), in each case subject to the consent of Charter in the case of transfers to non-affiliates, which consent will not be unreasonably withheld) be assigned by such Lender, in whole or in part, to any other bank, financial institution or other investor and upon such assignment, the assignee shall become a Lender hereunder and the assigning Lender will be relieved from all obligations with respect to any Commitment assigned. Prior to the date that is four months after the Closing Date, the Commitments and/or Bridge Loans of the Initial Lenders shall be reduced on a pro rata basis as and when commitments are received from other Lenders in the Syndication. To ensure an orderly and effective Syndication of the Bridge Loans, Charter agrees that until the later of the termination of the Syndication as determined by the Administrative Agents and 90 days following the date of initial funding under the Bridge Loans, Charter will not and will not permit any of its subsidiaries to syndicate or issue, attempt to syndicate or issue, announce or authorize the announcement of the syndication or issuance of, or engage in discussions concerning the syndication or issuance of, any debt

facility or debt or preferred or common equity security (other than the Bridge Loans), including any renewals or refinancings of any existing debt facility or debt or preferred equity security, without the prior written consent of the Administrative Agents (which consent will not be unreasonably withheld). Notwithstanding the foregoing, Charter may syndicate (and take appropriate actions in connection therewith) at any time (x) up to an aggregate of $590 million currently permitted to be incurred under the incremental term facilities, or greenshoes, under the current Falcon and Charter Operating credit facilities (not to exceed $400 million in the case of the Charter Operating facility) less the aggregate amount of any additional Falcon credit facility commitments syndicated pursuant to the following clause and (y) the refinancing or replacement of the current Falcon credit facility (including the syndication of up to $590 million in additional commitments in connection therewith less the aggregate amount of Falcon and Charter Operating incremental term facility borrowings syndicated under the preceding clause (x)). The Lenders acknowledge that Charter has no obligation to utilize the financing offered hereby and can terminate this Commitment Letter at any time.

4. Cooperation. Charter agrees to cooperate, and to cause its affiliates to cooperate, with the Administrative Agents in connection with (i) the preparation of an information package regarding the business, operations and prospects of Charter including, without limitation, the delivery of all information relating to the transactions contemplated hereunder and all other information deemed reasonably necessary by the Administrative Agents to complete the syndication of the Commitments and/or Bridge Loans and (ii) the presentation of such information package in lender meetings and other communications with prospective Lenders in connection with the syndication of the Bridge Loans. Charter agrees to make its representatives and senior management reasonably available to meet with the Lenders and prospective Lenders and rating agencies and to make customary "road show" presentations at such locations as the Administrative Agents may reasonably suggest. Charter shall be solely responsible for the contents of any such information package and presentation (other than information concerning the Lenders and the syndication process) and acknowledges that the Lenders will be using and relying upon the information contained in such information package and presentation without independent verification thereof. In addition, Charter represents and covenants that all information provided by Charter or its agents to the Administrative Agents or the other Lenders in connection with the transactions contemplated hereunder is and will be complete and correct in all material respects and does not and will not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements contained therein, in light of the circumstances under which they were made, not misleading. Charter agrees to supplement such information from time to time until the Closing Date and, if requested by the Administrative Agents in writing, for a reasonable period thereafter (not to exceed six months) necessary to complete the syndication of the Commitments and/or Bridge Loans, so that the representations and covenants contained in the preceding sentence remain correct.

5. Indemnification and Contribution. In partial consideration for our commitments hereunder, Charter hereby agrees to indemnify and hold harmless each Lender, each of the members or shareholders or other investors or holders of interests in, or other transferees of any Lender (collectively, "Additional Investors"), any affiliates of the Lenders and the Additional Investors, and each other person, if any, controlling the Lenders or any Additional Investors and any of their respective affiliates, and any of the directors, officers, agents and employees of any of the foregoing (each, an "Indemnified Person") from and against any losses, claims, damages or liabilities related to, arising out of or in connection with the matters which are the subject of the commitments made hereunder (including, without limitation, any use made or proposed to be made by Charter of the proceeds from the transactions referred to above) (collectively, the "Subject Matter"), and will reimburse any Indemnified Person for all expenses (including fees and expenses of counsel) as they are incurred in connection with investigating, preparing, pursuing or defending any action, claim, suit, investigation or proceeding related to, arising out of or in connection with the Subject Matter, whether or not pending or threatened and whether or not such action, claim, suit, investigation or proceeding is brought by you, your affiliates, creditors or any Indemnified Person, or any Indemnified Person is otherwise a party thereto. Charter will not, however, be responsible to an Indemnified Person for any losses, claims, damages or liabilities (or expenses relating thereto) that are finally judicially determined to have resulted from the bad faith or gross negligence of such Indemnified Person. Charter also agrees that no Indemnified Person shall have any liability (whether direct or indirect, in contract or tort or otherwise) to Charter for or in connection with the Subject Matter, except for any such liability for losses, claims, damages or liabilities incurred by Charter that are finally judicially determined to have resulted from the bad faith or gross negligence of such Indemnified Person. No Lender shall be liable or responsible for any consequential damages that may be alleged as a result of any failure to fund the Bridge Loans.

Charter will not, without the prior written consent of the Lenders, settle, compromise, consent to the entry of any judgment in or otherwise seek to terminate any action, claim, suit, investigation or proceeding in respect of which indemnification may be sought hereunder (whether or not any Indemnified Person is a party thereto) unless such settlement, compromise, consent or termination includes a full and unconditional release of each Indemnified Person from any liabilities arising out of such action, claim, suit, investigation or proceeding. No Indemnified Person seeking indemnification, reimbursement or contribution under this agreement will, without Charter's prior written consent, settle, compromise, consent to the entry of any judgment in or otherwise seek to terminate any action, claim, suit, investigation or proceeding referred to in the preceding paragraph.

If the indemnification provided for in the second preceding paragraph of this Commitment Letter is judicially determined to be unavailable (other than in accordance with the terms hereof) to an Indemnified Person in respect of any losses,

claims, damages or liabilities referred to herein, then, in lieu of indemnifying such Indemnified Person hereunder, Charter agrees to contribute to the amount paid or payable by such Indemnified Person as a result of such losses, claims, damages or liabilities (and expenses relating thereto) (i) in such proportion as is appropriate to reflect the relative benefits to Charter on the one hand, and the Lenders, on the other hand, of the financing or (ii) if the allocation provided by clause (i) is not available, in such proportion as is appropriate to reflect not only the relative benefits referred to in such clause (i) but also the relative fault of Charter on the one hand, and the Lenders, on the other hand, as well as any other relevant equitable considerations; provided that in no event shall any Lender's contribution to the amount paid or payable exceed the aggregate amount of fees actually received by such Lender under the Fee Letter.

6. Confidentiality. Please note that this Commitment Letter, the Fee Letter, the Engagement Letter and any written or oral advice provided by the Initial Lenders in connection with this arrangement is exclusively for the information of the Board of Directors of Charter and may not be disclosed to any other party or circulated or referred to publicly without the Initial Lenders' prior written consent, except, after providing written notice to the Initial Lenders, pursuant to law or a subpoena or order issued by a court of competent jurisdiction or by a judicial, administrative or legislative body or committee. In addition, we hereby consent to your disclosure of this Commitment Letter, the Fee Letter, the Engagement Letter and such advice to your officers, directors, agents and advisors who are directly involved in the consideration of the Bridge Loans to the extent such persons are obligated to hold such material in confidence and to the filing, after notice to the Administrative Agents, of this Commitment Letter with the SEC, if required, and the description of this Commitment Letter in any SEC filing, to the extent required.

7. Additional Matters. You may not assign any of your rights or be relieved of any of your obligations hereunder without the prior written consent of each of the Lenders. As you know, each of the Lenders is a full service securities firm and as such may from time to time effect transactions, for its own account or the account of customers, and hold positions in securities or options on securities of any of Charter Communications, Inc., Charter and their subsidiaries (collectively, the "Charter Entities") and other companies that may be the subject of this arrangement. In addition, the Administrative Agents may employ the services of their affiliates in providing certain services hereunder and may exchange with such affiliates information concerning any of the Charter Entities and their subsidiaries and other companies that may be the subject of this arrangement.

8. Choice of Law. This Commitment Letter shall be governed by and construed in accordance with the laws of the State of New York.

9. Trial by Jury. Charter (on its own behalf and, to the extent permitted by law, on behalf of its stockholders) waives any right to trial by jury in any action, claim, suit or proceeding arising out of or in connection with this Commitment Letter, the Engagement Letter and the Fee Letter.

The Lenders' Commitments hereunder shall terminate on the earlier of (x) December 31, 2001 and (y) the execution and delivery of the Bridge Loan Agreement, subject to the terms and conditions contained herein.

Please confirm that the foregoing is in accordance with your understanding by signing and returning to each of GSCP and MSSF one of the enclosed copies of this Commitment Letter, together, if not previously executed and delivered, with the Fee Letter and the Engagement Letter on or before the close of business, on the date first above written, whereupon this Commitment Letter, the Fee Letter and the Engagement Letter shall become binding agreements among us. If not signed and returned as described in the preceding sentence by such date, this offer will terminate on such date. We look forward to working with you on this transaction.

Very truly yours,

GOLDMAN SACHS CREDIT PARTNERS L.P.

By: /s/ Ed Forst

Authorized Signatory

MORGAN STANLEY SENIOR FUNDING, INC.

By: /s/ John R. Orem

Authorized Signatory

Confirmed as of the date above:

CHARTER COMMUNICATIONS HOLDINGS, LLC

By: /s/ Eloise A. Engman

Eloise A. Engman
Vice President

CHARTER COMMUNICATIONS HOLDINGS
CAPITAL CORPORATION

By: /s/ Eloise A. Engman

Eloise A. Engman
Vice President

Schedule I

Commitments

Lender	Commitment
Goldman Sachs Credit Partners L.P.	$1,000.0 million
Morgan Stanley Senior Funding, Inc.	$1,000.0 million
Total	$2,000.0 million

Schedule II

Amount of Commitment Reductions Pursuant to Section 1(c)

Cable Systems	Principal Amount of Commitment Reduction
St. Louis, Missouri	$631.0 million
Nevada	$178.0 million
Alabama	$191.0 million
Total	$1,000.0 million

ANNEX A

SUMMARY OF TERMS AND CONDITIONS OF BRIDGE LOANS

This Summary of Terms and Conditions outlines certain terms of the Bridge Loans and the Bridge Loan Agreement referred to in the Commitment Letter, of which this Annex A is a part. Certain capitalized terms used herein are defined in the Commitment Letter.

BORROWERS	Charter Communications Holdings, LLC and Charter Communications Holdings Capital Corporation (collectively, "Charter"), jointly and severally liable.
LOANS	Senior Increasing Rate Bridge Loans in a principal amount of up to $2.0 billion, subject to reduction as set forth in Section 1(c) of the Commitment Letter and as otherwise provided herein (the "Bridge Loans").
NUMBER OF PERMITTED DRAWS	Two (the first such draw, "Draw 1 Bridge Loan" and the second such draw, "Draw 2 Bridge Loan") on or prior to December 31, 2001.
MINIMUM DRAW AMOUNT	$500 million.
NOTICE	Charter must provide written notice to the Administrative Agents three business days prior to any requested funding date.
MATURITY	The Bridge Loans mature one year from the date of the making of Draw 1 Bridge Loan (the "Maturity Date"). If, upon the Maturity Date, the Bridge Loans have not been previously repaid in full, and provided no Conversion Default (as defined below) has occurred and is continuing, the outstanding Bridge Loans shall be automatically converted into Senior Term Loans (each a "Term Loan") due on the nine-year anniversary of the Maturity Date.

At any time on or after the Maturity Date, at the option of the applicable Lender, the Senior Term Loans may be exchanged in whole or in part for Senior Exchange Notes due on the nine-year anniversary of the Maturity Date (the "Exchange Notes") having an equal principal amount. The initial date of funding of the Draw 1 Bridge Loan is hereinafter referred to as the "Closing Date."

"Conversion Default" shall have the same meaning (with all necessary and appropriate changes having been made) as the term "Conversion Default" set forth in Section 1.1 of the Senior Bridge Loan Agreement, dated as of August 4, 2000 (the "August Agreement"), among Charter and the initial lenders, the sole arranger and the agents parties thereto.

The Senior Term Loans will be governed by the provisions of the Bridge Loan Agreement and will have the same terms as the Bridge Loans, except as expressly set forth on Exhibit 1 to this Annex A. The Exchange Notes will be issued pursuant to an Indenture that will have the terms set forth on Exhibit 1 to this Annex A.

INTEREST..... The Draw 1 Bridge Loan will initially bear interest at a rate per annum equal to (a) the bid-side yield (as confirmed by the Administrative Agents), as of the Closing Date, on the 11.125% Senior Notes due 2011 of Charter or, at the discretion of the Administrative Agents, such other issue of cash-pay senior notes of Charter (the "Benchmark Notes") less (b) 25 basis points. If the Draw 1 Bridge Loan is not repaid in whole within 90 days following the Closing Date, the interest rate on such outstanding Bridge Loan will increase by

	125 basis points at the end of such 90-day period and will increase by an additional 50 basis points at the end of each 90-day period thereafter. The last day of each such period being a "Step-Up Date." The Draw 2 Bridge Loan will initially bear interest at a rate per annum equal to the greater of (a) the interest rate on the Draw 1 Bridge Loan on the date of funding of the Draw 2 Bridge Loan and (b) the bid-side yield (as confirmed by the Administrative Agents), as of the date of funding of the Draw 2 Bridge Loan, on the Benchmark Notes. If the Draw 2 Bridge Loan is not repaid in whole by any Step-Up Date following the funding of the Draw 2 Bridge Loan, the interest rate on such outstanding Bridge Loan will increase on such Step-Up Date by an amount equal to the increase in interest rate on Draw 1 Bridge Loan on such Step-Up Date. Notwithstanding the foregoing, except in the case of default interest described below, at no time will the interest rate in effect on the Bridge Loans be less than 9% per annum or exceed 15% per annum. Interest will be payable quarterly in arrears and on the date of any prepayment of the Bridge Loans. Notwithstanding the foregoing, after the occurrence and during the continuance of an Event of Default (to be defined in the Bridge Loan Agreement, as herein specified), interest will accrue on the Bridge Loans at the then applicable rate plus 200 basis points per annum.
USE OF PROCEEDS.....	To fund the Acquisition and Charter's accelerated capital expenditure plan and for

	general corporate purposes.
MANDATORY REPAYMENT; COMMITMENT REDUCTION.....	On the date of each borrowing under the Bridge Loan Agreement, the aggregate stated commitments of the Lenders to make advances shall be automatically and permanently reduced, on a pro rata basis, by an amount equal to the aggregate amount of the borrowings made on such date. The net cash proceeds received by any of the Charter Entities from (i) any direct or indirect public offering or private placement of any debt or equity securities by any of the Charter Entities, (ii) any future bank borrowings by any of the Charter Entities (other than (x) revolving credit borrowings under any of the existing credit facilities of Charter's subsidiaries (the "Credit Facilities") as in effect on the Closing Date, (y) borrowings by Falcon and Charter Operating pursuant to the incremental term facilities, or greenshoes, under the current Falcon and Charter Operating credit facilities, respectively, in an aggregate amount not to exceed $590 million (not to exceed $400 million in the case of the Charter Operating facility) (the "Incremental Borrowings") less the aggregate amount of any Additional Falcon Borrowings (as defined below), and (z) borrowings by Falcon under an amended and restated or new credit facility not to exceed $1.8 billion, representing the $1.21 billion committed under the current Falcon credit facility plus an additional amount of up to $590 million (such additional amount, the "Additional Falcon Borrowings"), less the aggregate amount of any Incremental Borrowings; provided that the aggregate amount under the Credit

Facilities, including the Falcon and the Charter Operating credit facilities, does not exceed $9.2 billion) and (iii) any future asset sales (it being understood that the provisions of the Bridge Loan Agreement regarding asset sales shall be substantially the same (with all necessary and appropriate changes having been made) as those set forth in the August Agreement) by any of the Charter Entities will be used to prepay the Bridge Loans in each case at 100% of the principal amount of the Bridge Loans redeemed plus accrued interest to the date of the redemption subject, in the case of clauses (ii) and (iii) only, to the terms of the existing Credit Facilities or indentures requiring prepayment of any amounts outstanding thereunder; provided that, for purposes of clause (i), "net cash proceeds" shall not include net cash proceeds received by Charter Communications, Inc. ("CCI") from any sale by CCI of shares of its Class A common stock in an amount not to exceed $550 million (or, if the net cash proceeds from such sale are less than $1.1 billion, not to exceed 50% of such net cash proceeds) if such amount of net cash proceeds is designated for payment to AT&T at the closing of the Acquisition or any part thereof as consideration therefor in lieu of CCI issuing shares of Class A common stock to AT&T in connection therewith as long as such amount can be transferred to Charter without restriction to fund the Acquisition or any part thereof and to prepay Bridge Loans and, if such amount were to be transferred to any other Charter Entity, as long as such amount could be subsequently transferred to Charter without restriction to fund the Acquisition or any part thereof and to prepay Bridge Loans (such amount, the "Designated Equity Amount"); provided

further that, if any portion of the Designated Equity Amount is not paid to AT&T in connection with the Acquisition or any part thereof, such portion shall be used promptly to prepay Bridge Loans. The Bridge Loan Agreement will contain a provision to the effect that Charter will be required to use all of the Designated Equity Amount to fund the Acquisition or any part thereof prior to the Lenders being required to make any Bridge Loan for the purpose of funding the Acquisition or any part thereof.

The unused commitments of the Lenders (under the Commitment Letter or the Bridge Loan Agreement, as the case may be) shall be automatically and permanently reduced, on a pro rata basis, (A) by an amount equal to the net cash proceeds received by any of the Charter Entities from any transaction specified in clauses (i), (ii) and (iii) of the preceding paragraph minus the amount of such net cash proceeds applied to prepay Bridge Loans in accordance with the preceding paragraph, and (B) as provided in Section 1(c) of the Commitment Letter; provided that, for purposes of clause (A), "net cash proceeds" shall not include any Designated Equity Amount; provided further that, if any portion of the Designated Equity Amount is not paid to AT&T at the closing of the Acquisition or any part thereof, the unused commitments of the Lenders (under the Commitment Letter or the Bridge Loan Agreement, as the case may be), if any, shall be automatically and permanently reduced, on a pro rata basis, by such portion (without duplication of any commitment reductions as provided in Section 1(c) of the Commitment Letter).

	In addition, at any time when the Underwriters are no longer entitled under the Engagement Letter to act as initial purchasers, underwriters or placement agents in connection with the sale of Securities and there still remain unused commitments of the Lenders, all unused commitments of the Lenders (under the Commitment Letter or the Bridge Loan Agreement, as the case may be) shall be automatically and immediately terminated in full if any of the Charter Entities enters into any mandate, commitment, engagement or other agreement, whether oral or written, with any person (other than the Underwriters in the capacities contemplated by the Engagement Letter) pursuant to which such person is offered the right to act as an initial purchaser, underwriter or placement agent in connection with any sale of Securities.
CHANGE OF CONTROL.....	Each holder of Bridge Loans will be entitled to require Charter, and Charter must offer, to repay the Bridge Loans held by such holder at a price of 100% of principal amount, plus accrued interest, upon the occurrence of a Change of Control (which term shall have the same meaning as the term "Change of Control" set forth in the August Agreement) of Charter, subject to the optional redemption provisions described below.
OPTIONAL REPAYMENT.....	The Bridge Loans may be prepaid, in whole or in part, at the option of Charter at any time upon three business days' written notice at a price equal to 100% of the principal amount thereof plus accrued interest to the date of repayment.
PAYMENTS.....	Payments by Charter will be made by wire

	transfer of immediately available funds.
TRANSFERABILITY AND PARTICIPATIONS.....	Each of the Lenders will be free (with the consent of the Administrative Agents (in their sole discretion) prior to the earlier of (x) the date that is four months after the Closing Date and (y) the date on which the Syndication has been completed (as determined by the Administrative Agents), and thereafter with the consent of the Administrative Agents (such consent not to be unreasonably withheld)), to sell or transfer all or any part of or any participation in any of the Bridge Loans to any third party and to pledge any or all of the Bridge Loans to any commercial bank or other institutional lender or the Federal Reserve Bank, to the extent permitted by law.
MODIFICATION OF THE BRIDGE LOANS.....	Modification of the Bridge Loans may be made with the consent of Lenders holding greater than 50% of the Bridge Loans then outstanding, except that no modification or change may extend the maturity of the Bridge Loans or time of payment of interest of the Bridge Loans, reduce the rate of interest or the principal amount of the Bridge Loans, alter the redemption provisions of the Bridge Loans or reduce the percentage of holders necessary to modify or change the Bridge Loans without the consent of Lenders holding 100% of the Bridge Loans affected thereby.
COST AND YIELD PROTECTION.....	The Lenders will receive cost and yield protection customary for facilities and transactions of this type, including, but not limited to taxes (including but not limited to gross-up provisions for withholding taxes imposed by the United States or any

State thereof as a result of a change in law, and income taxes associated with all gross-up payments), changes in capital requirements, guidelines or policies or their interpretation or application, illegality, change in circumstances, reserves and other provisions deemed necessary by the Lenders to provide customary protection for U.S. and non-U.S. financial institutions.

CONDITIONS PRECEDENT..... The several obligations of the Lenders to make, or cause one of their respective affiliates to make, Bridge Loans will be subject to closing conditions deemed appropriate by the Lenders for financings of this kind generally and for this transaction in particular, including, without limitation, the closing conditions set forth in paragraphs 1 through 8 below (and such other conditions substantially similar (with all necessary and appropriate changes having been made) to those set forth in the August Agreement except for section 3.1(b) thereof); provided that the Lenders shall not be required to make Bridge Loans to fund the Acquisition in a principal amount in excess of $1.8 billion in total and, with respect to the Missouri, Nevada and Alabama parts of the Acquisition, in excess of the purchase price therefor specified in the agreements for the Acquisition as agreed upon by the Administrative Agents. In addition, the several obligations of the Lenders to make, or cause one of their respective affiliates to make, Bridge Loans to fund the acquisitions of the Nevada and Alabama cable systems that are part of the Acquisition will be subject to the additional condition set forth in paragraph 9 below:

1. Defaults Under Financing Agreements. There shall not exist any default or

event of default under any of the Credit Facilities, the Bridge Loans, the Bridge Loan Agreement or any of the other documents to be executed in connection therewith (the "Loan Documents"), or under other material indebtedness of Charter or its subsidiaries.

2. Due Diligence. Each of the Lenders shall have conducted a due diligence review in form, scope and substance satisfactory to such Lender and shall be satisfied with the results thereof. Such review may include but may not be limited to an examination of (i) the capitalization, corporate and ownership structure of the Charter Entities, (ii) accounting, legal, regulatory, tax, labor, insurance, pension and environmental liabilities, actual or contingent (which, at the request of the Lenders, shall include an environmental audit satisfactory to the Lenders and their counsel), (iii) material contracts, leases and debt agreements and (iv) the general business, operations, financial condition, management, prospects and value of the Charter Entities.

   The Lenders shall not have become aware of any information relating to conditions or events not previously described to the Lenders or constituting new information or additional developments concerning conditions or events previously disclosed to the Lenders which they, in their judgment, believe may have a material adverse effect on the condition (financial or otherwise), assets, liabilities (contingent or otherwise), properties, solvency, business, management or

prospects of the Charter Entities.

3. Absence of Certain Changes. No material change in the capital stock, liabilities or long-term debt of the Charter Entities (other than increases in liabilities and long-term debt contemplated by and set forth in the supplemental unaudited pro forma data in Charter's Form 10-Q for the quarter ended September 30, 2000 and those incurred in the ordinary course of business consistent with past practice) or any material adverse change, or any development involving a prospective material adverse change, in or affecting the general affairs, management, financial position, stockholders' equity, results of operations or prospects of the Charter Entities, shall have occurred since September 30, 2000 (the date of the most recent financial statements that have been delivered to the Lenders as of the date hereof) and no material inaccuracy in such financial statements shall exist. No Change of Control shall have occurred. On or after the date hereof (i) no downgrading (other than a downgrading resulting from the execution of the Commitment Letter or funding of the Bridge Loans) shall have occurred in the rating accorded Charter's debt securities by any "nationally recognized statistical rating organization," as that term is defined by the Securities and Exchange Commission for purposes of Rule 436(g)(2) under the Act, and (ii) no such organization shall have publicly announced that it has under surveillance or review, with possible negative implications, its rating of any of Charter's debt securities, excluding

any such surveillance or review caused by the execution of the Commitment Letter or funding of the Bridge Loans.

4. Documentation, Legal Matters, etc. The Bridge Loan Agreement and the other definitive documentation evidencing the Bridge Loans shall be prepared by counsel to the Administrative Agents and shall be in form and substance reasonably satisfactory to the Initial Lenders and Charter. All other matters relating to the Bridge Loan Agreement shall be reasonably satisfactory to Charter and the Initial Lenders in all respects and the Lenders shall have received such additional certificates, legal and other opinions, in form and substance reasonably satisfactory to the Initial Lenders and counsel for the Lenders, and such other documentation as they shall request.

5. Market Disruption. There shall not have occurred any disruption or adverse change, as determined by GSCP and MSSF in their sole discretion, in the financial or capital markets generally, or in the markets for bridge loan syndication, high yield debt or equity securities in particular or affecting the syndication or funding of bridge loans (or the refinancing thereof) that may have a material adverse impact on the ability to sell or place Securities or to syndicate the Bridge Loans.

6. Approvals and Consents. All governmental, shareholder and third-party approvals and consents necessary or, in the reasonable opinion of the

Administrative Agents, desirable in connection with the Bridge Loans shall have been received and shall be in full force and effect.

7. Litigation, etc. There shall not exist any action, suit, investigation, litigation or proceeding pending or threatened in any court or before any arbitrator or governmental authority that, in the reasonable opinion of the Administrative Agents, affects any of the transactions contemplated hereby, or that could have a material adverse effect on the Charter Entities.

8. Payment of Fees and Expenses. All fees and expenses due to the Lenders, GSCP, Goldman Sachs, MSSF, Morgan Stanley or the Administrative Agents on or before the Closing Date pursuant to the Commitment Letter, the Fee Letter, the Engagement Letter or otherwise shall have been paid in full.

9. The Acquisition. CCI shall have raised at least $490 million from the sale of its Class A common stock which amount is designated to fund the acquisitions of the Nevada and Alabama cable systems that are part of the Acquisition or AT&T and/or its affiliates shall have concurrently taken at least $490 million in CCI Class A common stock as partial consideration for such acquisitions.

COVENANTS..... The Bridge Loan Agreement will contain such covenants by Charter (with respect to Charter and its subsidiaries) as are usual and customary for financings of this kind or as otherwise deemed appropriate by the

Lenders for this transaction in particular (in their sole discretion), based upon the covenants in the Credit Facilities (such covenants to be substantially the same (with all necessary and appropriate changes having been made) as those set forth in the August Agreement).

The Bridge Loan Agreement will contain a covenant to the effect that, at any time when funded Bridge Loans, Senior Term Loans or Exchange Notes are outstanding and the Underwriters are no longer entitled under the Engagement Letter to act as underwriters, placement agents or initial purchasers in connection with any sale of Securities, no Charter Entity will enter into any mandate, commitment, engagement or other agreement with any person (other than the Underwriters in the capacities contemplated by the Engagement Letter) pursuant to which such person is offered the right to act as underwriter, placement agent or initial purchaser in connection with the sale of any Securities unless such mandate, commitment, engagement or other agreement (x) is in writing and (y) constitutes a firm commitment by such person to underwrite, place or sell such Securities (or, if such Securities cannot be sold or placed in the market for any reason, to purchase such Securities for its own account or to provide bridge or other loan financing in lieu of such offering or placement of Securities), which commitment is subject to closing conditions that are usual and customary for financings of the kind contemplated thereby and that are approved by the Administrative Agents (which approval will not be unreasonably withheld). For the avoidance of doubt, the net cash proceeds received by any Charter Entity

	from any financing contemplated by the previous sentence, shall constitute "net cash proceeds" for purposes of the mandatory repayment and commitment reduction provisions of this Commitment Letter and the Bridge Loan Agreement.
EVENTS OF DEFAULT.....	The Bridge Loan Agreement will include such events of default (and, as appropriate, grace periods) as are usual and customary for financings of this kind or as otherwise deemed appropriate by the Lenders for this transaction in particular (in their sole discretion), based upon the events of default in the Credit Facilities (such events of default to be substantially the same (with all necessary and appropriate changes having been made) as those set forth in the August Agreement).
REPRESENTATIONS AND WARRANTIES.....	The Bridge Loan Agreement will contain such representations and warranties by Charter (with respect to Charter and its subsidiaries) as are usual and customary for financings of this kind or as are otherwise deemed appropriate by the Lenders for this transaction in particular (in their sole discretion), based upon the representations and warranties in the Credit Facilities (such representations and warranties to be substantially the same (with all necessary and appropriate changes having been made) as those set forth in the August Agreement).
TAXES, RESERVE REQUIREMENTS AND INDEMNITIES.....	The Bridge Loan Agreement will provide that all payments will be made free and clear of any taxes (other than franchise taxes and taxes on overall net income), imposts, assessments, withholdings or other deductions whatsoever assessed by the United States or any State thereof and resulting from a change in law. Foreign

	Lenders will be required to furnish to the Administrative Agents appropriate certificates or other evidence of exemption from U.S. federal tax withholding. Charter will indemnify the Lenders against all increased costs of capital resulting from reserve requirements or otherwise imposed, in each case subject to customary increased costs and capital adequacy.
INDEMNITY.....	The Bridge Loan Agreement will contain customary and appropriate provisions relating to indemnity and related matters in a form reasonably satisfactory to the Administrative Agents and the Lenders and acceptable to Charter.
GOVERNING LAW AND JURISDICTION.....	The Bridge Loan Agreement will provide that Charter will submit to the non-exclusive jurisdiction and venue of the federal and state courts of the State of New York and will waive any right to trial by jury. New York law will govern the Loan Documents.

The foregoing is intended to summarize certain basic terms of the Bridge Loans. It is not intended to be a definitive list of all of the requirements of the Lenders in connection with the Bridge Loans.

EXHIBIT 1 TO ANNEX A

SUMMARY OF TERMS AND CONDITIONS OF SENIOR TERM LOANS AND EXCHANGE NOTES

Capitalized terms used herein have the meanings assigned to them in the Summary of Terms and Conditions of Bridge Loans to which this Exhibit 1 is attached.

SENIOR TERM LOANS

On the Maturity Date, so long as no Conversion Default has occurred and is continuing, the outstanding Bridge Loans will be automatically converted into Senior Term Loans. The Senior Term Loans will be governed by the provisions of the Bridge Loan Agreement and, except as expressly set forth below, the Senior Term Loans will have the same terms as the Bridge Loans.

MATURITY.....	The Senior Term Loans will mature on the ninth anniversary of the Maturity Date.
INTEREST RATE.....	The Senior Term Loans will initially bear interest at a rate per annum equal to the sum of (i) the greater of (a) the interest rate applicable to the Draw 1 Bridge Loan on the Maturity Date (after giving effect to any applicable step-up) and (b) the interest rate applicable to the Draw 2 Bridge Loan on the Maturity Date (after giving effect to any applicable step-up) plus (ii) 50 basis points. If the Senior Term Loans are not repaid within 90 days following the Maturity Date, the interest rate on the Senior Term Loans will increase by 50 basis points at the end of such 90-day period and will increase by an additional 50 basis points at the end of each 90-day period thereafter. Notwithstanding the foregoing, except in the case of default interest described below, at no time will the interest rate in effect on the Senior Term Loans be less than 9% per annum or exceed 15% per annum. Interest on the Senior Term Loans will be payable quarterly in arrears and on the date

of any prepayment of such Senior Term Loans.

Notwithstanding the foregoing, after the occurrence and during the continuance of an Event of Default, interest will accrue on the Senior Term Loans at the then applicable rate plus 200 basis points per annum.

SENIOR EXCHANGE NOTES

At any time on or after the Maturity Date, upon five or more business days prior notice, Senior Term Loans may, at the option of a Lender, be exchanged for a principal amount of Exchange Notes equal to 100% of the aggregate principal amount of the Senior Term Loans so exchanged in connection with a transfer of Exchange Notes to an unaffiliated third party. No Exchange Notes will be issued until Charter receives requests to issue at least $25.0 million in aggregate principal amount of Exchange Notes. Charter will issue Exchange Notes under an indenture, in form and substance reasonably satisfactory to the Administrative Agents, which complies with the Trust Indenture Act of 1939, as amended (the "Indenture"). Charter will appoint a trustee reasonably acceptable to the holders of the Bridge Loans. Charter will agree in the Bridge Loan Agreement to execute and deliver the Indenture within 150 days after the date of the initial borrowing under the Bridge Loan Agreement.

MATURITY.....	The Exchange Notes will mature on the ninth anniversary of the Maturity Date.
INTEREST RATE.....	Each Exchange Note will bear interest at a fixed rate equal to the greater of (x) the interest rate on the Senior Term Loans on the date of issuance of such Exchange Notes and (y) the bid side yield (as confirmed by the Administrative Agents) on the Benchmark Notes, on the date prior to the date of issuance of the Exchange Notes; provided that, except in the case of default interest described below, in no event will the interest rate in effect on the Exchange Notes be less than 9% or exceed 15% per annum.
OPTIONAL REDEMPTION.....	Exchange Notes will be non-callable until the fifth anniversary of the Closing Date. Thereafter, each Exchange Note will be callable at par plus accrued interest plus a premium equal to one half of the coupon on such Exchange Note, which premium shall decline ratably on each yearly anniversary to zero on the date that is two years prior to the maturity of the Exchange Notes.

DEFEASANCE PROVISIONS OF EXCHANGE NOTES.....	Customary.
MODIFICATION.....	Customary.
REGISTRATION RIGHTS.....	Charter will agree in the Bridge Loan Agreement to execute and deliver a registration rights agreement, in form and substance satisfactory to the Administrative Agents (the "Registration Rights Agreement"), within 150 days after the date of the initial borrowings under the Bridge Loan Agreement. The Registration Rights Agreement will provide, among other provisions, that Charter will file as soon as practicable, but no later than 300 days after the Closing Date and will use all commercially reasonable efforts to cause to become effective as soon thereafter as practicable, but no later than the date that is 60 days prior to the Maturity Date, a shelf registration statement with respect to the Exchange Notes (a "Shelf Registration Statement"). If a Shelf Registration Statement is filed and becomes effective, Charter will use commercially reasonable efforts to keep such registration statement effective and available (subject to customary exceptions) until it is no longer needed to permit unrestricted resales of the Exchange Notes. If a Shelf Registration Statement for the Exchange Notes has not been declared effective on or before the date that is 60 days prior to the Maturity Date because Charter has failed to use commercially reasonable efforts to have it become effective, then Charter will pay liquidated damages in the form of increased interest of 50 basis points per annum on the principal amount of Exchange Notes and Senior Term

	Loans outstanding to holders of such Exchange Notes and Senior Term Loans from and including the Maturity Date (if the Shelf Registration Statement has not been declared effective by such date) to but excluding the effective date of such Shelf Registration Statement. On the 90th day after the Maturity Date, if a Shelf Registration Statement for the Exchange Notes has not been declared effective because Charter has failed to use commercially reasonable efforts to have it become effective, the liquidated damages shall increase by 50 basis points per annum to a per annum rate of 100 basis points, and for all periods after the 90-day anniversary of the Maturity Date, if a Shelf Registration Statement for the Exchange Notes has not been declared effective because Charter has failed to use commercially reasonable efforts to have it become effective, the liquidated damages shall be 100 basis points per annum. Charter will also pay such liquidated damages for any period of time (subject to customary exceptions) following the effectiveness of a Shelf Registration Statement that such Shelf Registration Statement is not available for sales thereunder. All accrued liquidated damages will be paid on each interest payment date.
COVENANTS.....	The Indenture relating to the Exchange Notes will include covenants that are substantially similar to those contained in the indenture governing the Benchmark Notes.
EVENTS OF DEFAULT.....	The Indenture relating to the Exchange Notes will provide for Events of Default similar to those contained in the indenture governing the Benchmark Notes.

COUNSEL FOR THE LENDERS.....	Debevoise & Plimpton.

The foregoing is intended to summarize certain basic terms of the Senior Term Loans and Exchange Notes. It is not intended to be a definitive list of all of the requirements of the Lenders in connection with the Senior Term Loans and Exchange Notes.

EXHIBIT 12.1

CHARTER COMMUNICATIONS, INC.

RATIO OF EARNINGS TO FIXED CHARGES CALCULATION

	CHARTER COMMUNICATIONS PROPERTIES HOLDINGS, LLC				CHARTER COMMUNICATIONS, INC.	
	1996	1997	1/1/98 THROUGH 12/23/98	12/24/98 THROUGH 12/31/98	1999	2000
	(IN THOUSANDS)				(IN THOUSANDS)	
EARNINGS						
Loss before income taxes and minority interest	$(2,723)	$(4,623)	$(17,222)	$(5,277)	$(637,806)	$(2,054,945)
Fixed Charges	4,442	5,160	17,347	2,390	480,649	1,063,868
Earnings	$ 1,719	$ 537	$ 125	$(2,887)	$(157,157)	$ (991,077)
FIXED CHARGES						
Interest Expense	$ 4,415	$ 4,997	$ 17,010	$ 2,353	$ 467,499	$ 1,033,505
Amortization of Debt Costs	--	123	267	--	10,300	25,625
Interest Element of Rentals	27	40	70	37	2,850	4,738
Total Fixed Charges	$ 4,442	$ 5,160	$ 17,347	$ 2,390	$ 480,649	$ 1,063,868
Ratio of Earnings to Fixed Charges(1)	--	--	--	--	--	--

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(1) Earnings for the years ended December 31, 1996 and 1997, for the periods from January 1, 1998 through December 23, 1998 and from December 24, 1998 through December 31, 1998 and for the years ended December 31, 1999 and 2000 were insufficient to cover fixed charges by $2,723, $4,623, $17,222, $5,277, $637,806 and $2,054,945, respectively. As a result of such deficiencies, the ratios are not presented.

EXHIBIT 21.1

Subsidiaries of Registrant

Charter Communications Holdings Capital Corporation
Charter Communications Holdings, LLC
CC Michigan, LLC
CC New England, LLC
CC V Holdings, LLC
CC VI Holdings, LLC
CC VI Operating, LLC
CC VIII Holdings, LLC
CC VIII Operating, LLC
CC VIII, LLC
CCG VIII, LLC
CCG VIII, LLC
Cencom Cable Entertainment, LLC
Charter Cable Operating Company, LLC
Charter Communications Entertainment I, LLC
Charter Communications Entertainment II, LLC
Charter Communications Entertainment, LLC
Charter Communications Holdings, LLC
Charter Communications Operating, LLC
Charter Communications Properties LLC
Charter Communications VI, LLC
Charter Communications VII, LLC
Charter Communications, LLC
Falcon Cable Communications, LLC
Interlink Communications Partners, LLC
Marcus Cable Associates, L.L.C.
Rifkin Acquisition Partners, LLC

EXHIBIT 23.2

CONSENT OF INDEPENDENT PUBLIC ACCOUNTANTS

As independent public accountants, we hereby consent to the incorporation of our reports included in this Annual Report on Form 10-K of Charter Communications, Inc. for the year ended December 31, 2000, into the Company's previously filed Post-Effective Amendment No. 2 to Form S-1 Registration Statement on Form S-3 (No. 333-41486), Amendment No. 1 to Registration Statement on Form S-3 (No. 333-54394) and Registration Statement on Form S-8 (No. 333-36628).

/s/ ARTHUR ANDERSEN LLP

St. Louis, Missouri
February 28, 2001

EXHIBIT 23.3

CONSENT OF INDEPENDENT AUDITORS

We consent to the incorporation by reference in Charter Communications, Inc.'s Post-Effective Amendment No. 2 to Form S-1 Registration Statement on Form S-3 (No. 333-41486), Amendment No. 1 to Registration Statement on Form S-3 (No. 333-54394) and Registration Statement on Form S-8 (No. 333-36628) of our report dated March 2, 2000, with respect to the combined financial statements of CC VII Holdings, LLC -- Falcon Systems not separately included in the Annual Report (Form 10-K) of Charter Communications, Inc. for the year ended December 31, 2000.

/s/ ERNST & YOUNG LLP

Los Angeles, California
February 28, 2001

EXHIBIT 23.4

CONSENT OF INDEPENDENT ACCOUNTANTS

The Board of Directors
Charter Communications, Inc.:

We consent to the incorporation by reference in the Post-Effective Amendment No. 2 on Form S-3 to registration statement (No. 333-41486) on Form S-1, Amendment No. 1 to registration statement on Form S-3 (No. 333-54394) on Form S-3, and registration statement (No. 333-36628) on Form S-8 of Charter Communications, Inc. of our report on the consolidated balance sheets of Bresnan Communications Group LLC and its subsidiaries as of February 14, 2000 and December 31, 1999 and the related consolidated statements of operations, members' equity (deficit) and cash flows for the period from January 1, 2000 to February 14, 2000 and the year ended December 31, 1999, which report appears in the December 31, 2000, annual report on Form 10-K of Charter Communications, Inc.

/s/ KPMG LLP

Denver, Colorado
March 5, 2001

EXHIBIT 23.5

CONSENT OF INDEPENDENT AUDITORS

We consent to the incorporation by reference in Charter Communications, Inc.'s Post-Effective Amendment No. 2 to Form S-1 Registration Statement on Form S-3 (No. 333-41486), Amendment No. 1 to Registration Statement on Form S-3 (No. 333-54394) and Registration Statement on Form S-8 (No. 333-36628) of our report dated February 11, 2000, with respect to the consolidated financial statements of Charter Communications VI Operating Company, LLC and subsidiaries not separately included in the annual report on Form 10-K of Charter Communications, Inc. for the year ended December 31, 2000.

/s/ ERNST & YOUNG LLP

Denver, Colorado
February 28, 2001

EXHIBIT 99

RISK FACTORS

OUR STRUCTURE

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

Mr. Allen controls approximately 93.5% of the voting power of Charter Communications, Inc.'s capital stock. Accordingly, Mr. Allen controls Charter Communications, Inc. Although Class A common shareholders, other than Mr. Allen, have an equity interest in Charter Communications, Inc. of approximately 96.2%, Class A common shareholders have a very limited voting interest in Charter Communications, Inc. and a limited indirect equity interest in Charter Communications Holding Company. The purposes of our structure are, among other things, to enable Mr. Allen to take advantage for tax purposes of the losses expected to be generated by Charter Communications Holding Company and to enable him to maintain control of our business.

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

As the owner of all of our Class B common stock, Mr. Allen is entitled to elect all but one member of Charter Communications, Inc.'s board of directors. As an owner of 3.8% of our Class A common stock and owner of all of our Class B common stock, Mr. Allen presently has voting control in the election by holders of Class A and Class B common stock, voting together as a single class, of the remaining member of our board of directors. In addition, because of the exclusive voting rights granted to holders of Class B common stock for specific matters, he has the sole power to amend a number of important provisions of Charter Communications, Inc.'s certificate of incorporation, including provisions restricting the scope of our business activities.

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

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

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

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

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

Charter Communications, Inc.'s certificate of incorporation and Charter Communications Holding Company's limited liability company agreement provide that Charter Communications, Inc. and Charter Communications Holding Company and their subsidiaries cannot engage in any business activity outside the cable transmission business except for specified businesses. This will be the case unless the opportunity to pursue the particular business activity is first offered to Mr. Allen, he decides not to pursue it and he consents to our engaging in the business activity. The cable transmission business means the business of transmitting video, audio, including telephone services, and data over cable television systems owned, operated or managed by us from time to time. These provisions may limit our ability to take advantage of attractive business opportunities. Consequently, our ability to offer new products and services outside of the cable transmission business and enter into new businesses could be adversely affected, resulting in an adverse effect on our growth, financial condition and results of operations.

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

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

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

- restricting the calling of special meetings of shareholders; and

- requiring advanced notice for proposals for shareholder meetings.

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

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

Charter Communications, Inc. is a holding company whose principal asset is an approximate 41% equity interest and a 100% voting interest in Charter Communications Holding Company. Charter Communications Holding Company is also a holding company whose operations are conducted through its indirect subsidiaries. Neither Charter Communications, Inc. nor Charter Communications Holding Company holds any significant assets other than their direct and indirect interests in our subsidiaries. Charter Communications, Inc.'s and Charter Communications Holding Company's cash flow depends upon the cash flow of our operating subsidiaries and the payment of funds by these operating subsidiaries to Charter Communications Holding Company and Charter Communications, Inc. This could adversely affect the ability of Charter Communications, Inc. and Charter Communications Holding Company to meet their obligations, including:

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

- obligations under employment and consulting agreements;

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

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

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

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

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

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

IF A COURT DETERMINES THAT THE CLASS B COMMON STOCK IS NO LONGER ENTITLED TO SPECIAL VOTING RIGHTS, WE WOULD LOSE OUR RIGHTS TO MANAGE CHARTER COMMUNICATIONS HOLDING COMPANY. IN ADDITION TO THE INVESTMENT COMPANY RISKS DISCUSSED ABOVE, THIS COULD MATERIALLY IMPACT THE VALUE OF OUR SECURITIES.

If a court determines that the Class B common stock is no longer entitled to special voting rights, we would no longer have a controlling voting interest in, and would lose our right to manage, Charter Communications Holding Company. If this were to occur:

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

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

- we would become strictly a passive investment vehicle.

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

- the liquidity of the Class A common stock;

- how it trades in the marketplace;

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

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

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

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

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

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

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

OUR BUSINESS

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

We and our subsidiaries have a significant amount of debt. As of December 31, 2000, pro forma for the sale of the convertible senior notes and the application of these proceeds to pay a portion of the amounts outstanding under the Charter Holdings senior bridge loan facility and for the sale of the January 2001 Charter Holdings notes and the application of these proceeds to repay all remaining amounts outstanding under the Charter Holdings senior bridge loan facility and the Fanch revolving credit facility, and a portion of the amounts outstanding under the Charter Operating and Falcon revolving credit facilities, our total debt would have been approximately $13.1 billion, our shareholders' equity would have been approximately

$3.1 billion and the deficiency of our earnings available to cover fixed charges would have been approximately $2.0 billion. Since December 31, 2000, we have incurred significant additional debt to fund our capital expenditures.

Our significant amount of debt could have important consequences. For example, it could:

- make it more difficult for us to satisfy our obligations to the lenders under our subsidiaries' credit facilities and to our public noteholders;
- increase our vulnerability to general adverse economic and cable industry conditions, including interest rate increases, because a significant portion of our borrowings are and will continue to be at variable rates of interest;
- require us to dedicate a substantial portion of our cash flow from operations to payments on our debt, which will reduce our funds available for working capital, capital expenditures and other general corporate expenses;
- limit our flexibility in planning for, or reacting to, changes in our business and the cable industry;
- place us at a disadvantage compared to our competitors that have proportionately less debt; and
- limit our ability to borrow additional funds in the future, if we need them, due to applicable financial and restrictive covenants in our debt.

We anticipate incurring significant additional debt in the future to fund the expansion, maintenance and upgrade of our cable systems. If current debt levels increase, the related risks that we now face will intensify.

THE AGREEMENTS AND INSTRUMENTS GOVERNING OUR SUBSIDIARIES' DEBT CONTAIN RESTRICTIONS AND LIMITATIONS THAT COULD SIGNIFICANTLY IMPACT OUR ABILITY TO OPERATE OUR BUSINESS AND ADVERSELY AFFECT THE HOLDERS OF OUR DEBT SECURITIES.

The credit facilities of our subsidiaries and the indentures governing our subsidiaries' publicly held notes contain a number of significant covenants that could adversely impact our business of our subsidiaries and adversely affect the holders of our debt securities. In particular, the credit facilities and indentures of our subsidiaries restrict our ability and the ability of our subsidiaries to:

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

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

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

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

PROSPECTIVE LENDERS' COMMITMENTS TO LEND TO US UNDER THE 2001 SENIOR BRIDGE LOAN COMMITMENT WE HAVE OBTAINED ARE SUBJECT TO A NUMBER OF CONDITIONS. IF THESE CONDITIONS ARE NOT MET, THESE FUNDS WILL NOT BE AVAILABLE TO US. AS A RESULT, WE MAY BE UNABLE TO CONSUMMATE PENDING ACQUISITIONS WHICH COULD TRIGGER DEFAULTS UNDER OUR ACQUISITION AGREEMENTS AND OUR DEBT OBLIGATIONS. THE RELEVANT SELLERS OR CREDITORS COULD INITIATE LEGAL PROCEEDINGS AGAINST US.

The bridge loan commitment for which we have received commitments will not close unless specified closing conditions are satisfied. Some of these closing conditions are not under our control, and we cannot assure you that all closing conditions will be satisfied. For example, the closing conditions for these facilities include:

- the absence of various types of material adverse changes, including material adverse changes in the financial and capital markets; and

- receipt of required approvals from third parties. If we are not able to obtain financing under these facilities, we will need to arrange other sources of financing to meet our obligations, including our obligations to consummate our pending acquisitions.

If the 2001 bridge loan commitment is not closed, we would need to raise $2.0 billion to replace it, and we cannot assure you that alternate financing sources will be available to us. We may as a result be unable to consummate the pending AT&T transactions and may be in default under the related acquisition agreements. The relevant sellers could initiate legal proceedings against us, including under bankruptcy and reorganization laws, for any damages they suffer as a result of our non-performance. Any such action could trigger defaults under our other obligations, including our credit facilities and debt instruments.

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

We commenced active operations in 1994 and have grown rapidly since then through acquisitions of cable systems. As of December 31, 2000, our systems served approximately 400% more customers than were served as of December 31, 1998. As a result, historical financial information about us may not be indicative of the future or of results that we can achieve with the cable systems under our control. Our recent growth in revenues over our short operating history is not necessarily indicative of future performance.

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

We have had a history of net losses and expect to continue to report net losses for the foreseeable future. We expect our net losses to increase as a result of our closed acquisitions and our planned upgrades and other capital expenditures. We reported net losses before minority interest in loss of subsidiary and extraordinary items of $22 million for 1998 and $639 million for 1999 and $2.1 billion for 2000. On a pro forma basis, giving effect to the merger of Charter Holdings and Marcus Holdings, acquisitions in 1999 and 2000, the sale of an insignificant subsidiary in December 2000, the sale of the March 1999 and January 2000 Charter Holdings notes, the drawdown on the Charter Holdings senior bridge loan facility, the sale of Charter Communications, Inc.'s convertible senior notes and the application of the net proceeds and the sale of the January 2001 Charter Holdings notes and the application of the net proceeds, we had net losses before minority interest in loss of

subsidiary and extraordinary item of $1.5 billion for 1999 and $2.1 billion for 2000. We cannot predict what impact, if any, continued losses will have on our ability to finance our operations in the future.

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

We have grown rapidly through acquisitions of cable systems, and now own and operate cable systems serving approximately 6.4 million customers. We may acquire more cable systems in the future, through acquisitions, system swaps or otherwise. The integration of newly acquired cable systems poses a number of significant risks, including:

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

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

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

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

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

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

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

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

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

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

Without giving effect to the pending AT&T transactions, in 2001, 2002 and 2003, we expect to spend a total of approximately $2.9 billion, $1.75 billion and $950,000, respectively, to upgrade and rebuild our systems in order to offer advanced services to our customers. In addition, we anticipate rebuild costs associated with the AT&T systems we expect to acquire to total approximately $350 million.

The amount that we spend on these types of capital expenditures over the next two years will depend on the level of growth in digital cable customers and in the delivery of other advanced services.

We cannot assure you that our anticipated levels of capital expenditures will be sufficient to accomplish our planned system upgrades, maintenance and expansion, or to roll out advanced services. Currently, a projected $500 million to $750 million funding shortfall exists regarding anticipated capital expenditures through late 2000 or early 2003, when we expect to become cash flow positive. If we borrow the full amount available under the bridge loan commitment, our planned capital expenditures are funded through the end of 2002 and our funding shortfall will be $300 million to $500 million through 2003. The amount of this expected shortfall could increase if there is accelerated growth in digital cable customers or in the delivery of other advanced services. If we cannot obtain the necessary funds from increases in our operating cash flow, additional borrowings or other sources, we may not be able to fund our planned upgrades and expansion and offer advanced services on a timely basis. Consequently, our growth, financial condition and results of operations could suffer materially.

WE MAY NOT BE ABLE TO FUND THE CAPITAL EXPENDITURES NECESSARY TO KEEP PACE WITH TECHNOLOGICAL DEVELOPMENTS OR OUR CUSTOMERS' DEMAND FOR NEW PRODUCTS AND SERVICES. THIS COULD LIMIT OUR ABILITY TO COMPETE EFFECTIVELY. CONSEQUENTLY, OUR GROWTH, RESULTS OF OPERATIONS AND FINANCIAL CONDITION COULD SUFFER MATERIALLY.

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

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

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

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

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

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

In the past, Mr. Allen and his affiliates have contributed funds to us and our subsidiaries. There is no expectation that Mr. Allen or his affiliates will contribute funds to us or to our subsidiaries in the future.

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

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

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

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

- cable television operators;

- local and regional telephone companies;

- long distance telephone service providers;

- direct broadcast satellite (DBS) companies;

- electric utilities;

- providers of cellular and other wireless communications services; and

- Internet service providers.

We face competition within the subscription television industry, which includes providers of paid television service employing technologies other than cable, such as direct broadcast satellite or DBS. We also face competition from broadcast companies distributing television broadcast signals without assessing a subscription fee and from other communications and entertainment media, including conventional radio broadcasting services, newspapers, movie theaters, the Internet, live sports events and home video products.

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

THE LOSS OF MR. ALLEN OR MR. KENT COULD ADVERSELY AFFECT OUR ABILITY TO MANAGE OUR BUSINESS.

Our success is substantially dependent upon the retention and the continued performance of Mr. Allen, Chairman of Charter Communications, Inc.'s board of directors, and Jerald L. Kent, Charter Communica-

tions, Inc.'s President and Chief Executive Officer. The loss of the services of Mr. Allen or Mr. Kent could adversely affect our growth, financial condition and results of operations.

REGULATORY AND LEGISLATIVE MATTERS

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

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

- limited rate regulation;
- requirements that, under specified circumstances, a cable system carry a local broadcast station or obtain consent to carry a local or distant broadcast station;
- rules for franchise renewals and transfers; and
- other requirements covering a variety of operational areas such as equal employment opportunity, technical standards and customer service requirements.

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

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

Recently, a number of companies, including telephone companies and Internet service providers (ISP), have requested local authorities and the Federal Communications Commission to require cable operators to provide access to cable's broadband infrastructure, which allows cable to deliver a multitude of channels and/or services, so that these companies may deliver Internet services directly to customers over cable facilities. A federal district court in Virginia, a federal district court in Florida and a federal circuit court in California recently struck down as unlawful "open-access" requirements imposed by a variety of franchising authorities. Each of these decisions struck down the "open-access" requirements on different legal grounds. In response to the federal circuit decision, the Federal Communications Commission recently initiated an inquiry to determine the appropriate classification and regulatory treatment of the provision of Internet service by cable operators. It separately initiated a similar inquiry regarding the provision of interactive television services by cable operators. The Federal Trade Commission and the Federal Communications Commission recently imposed certain "open-access" requirements on Time Warner and AOL in connection with their merger, but those requirements are not applicable to other cable operators.

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

- would impair our ability to use our bandwidth in ways that would generate maximum revenues;
- would strengthen our Internet service provider competitors; and
- may cause us to decide not to upgrade our systems which would prevent us from introducing our planned new products and services.

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

- increasing competition;

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

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

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

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

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

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

Our cable systems are operated under franchises granted by local franchising authorities. These franchises are non-exclusive. Consequently, such local franchising authorities can grant additional franchises to competitors in the same geographic area. As a result, competing operators may build systems in areas in which we hold franchises. In some cases municipal utilities may legally compete with us without obtaining a franchise from the local franchising authority. The existence of more than one cable system operating in the same territory is referred to as an overbuild. These overbuilds could adversely affect our growth, financial condition and results of operations by increasing competition or creating competition where none existed previously. As of December 31, 2000, we are aware of overbuild situations impacting 139,000 of our basic customers or approximately 2% of our total basic customers and potential overbuild situations in areas servicing another 253,000 basic customers or 4% of our total basic customers, together representing a total of 392,000 customers. Additional overbuild situations may occur in other systems.

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

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

Local franchising authorities also have the power to reduce rates and order refunds of basic service tier rates paid in the previous twelve-month period determined to be in excess of the maximum permitted rates. Basic service tier rates are the prices charged for basic programming services. As of December 31, 2000, we have refunded a total of approximately $1.2 million since our inception. We may be required to refund additional amounts in the future.

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

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

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

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

In particular, cable operators who provide telecommunications services and cannot reach agreement with local utilities over pole attachment rates in states that do not regulate pole attachment rates will be subject to a rate methodology prescribed by the Federal Communications Commission. These rates may be higher than those paid by cable operators who do not provide telecommunications services. The rate increases are to be phased in over a five-year period beginning on February 8, 2001. If we become subject to telecommunications regulation or higher pole attachment rates, we may incur additional costs which may be material to our business. A recent court decision, currently under appeal to the Supreme Court, suggests that the provision of Internet service may subject cable systems to substantially higher pole attachment rates, and certain utilities have already proposed vastly higher pole attachment rates based in part on the existing court decision.