

SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

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FORM 10-Q  
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Quarterly Report Pursuant to Section 13 or 15 (d) of the  
Securities Exchange Act of 1934

For the quarterly period ended June 30, 1999

Commission File Numbers: 333-57285-01  
333-57285

Mediacom LLC  
Mediacom Capital Corporation\*  
(Exact names of Registrants as specified in their charters)

New York	06-1433421
New York	06-1513997
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Numbers)

100 Crystal Run Road  
Middletown, New York 10941  
(Address of principal executive offices)

914-695-2600  
(Registrants' telephone number including area code)

Indicate by check mark whether the Registrants (1) have 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 Registrants were required to file such reports), and (2) have been subject to such filing requirements for the past 90 days:

Yes	X	No
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Indicate the number of shares outstanding of the Registrants' common stock: Not Applicable

\*Mediacom Capital Corporation meets the conditions set forth in General Instruction H (1) (a) and (b) of Form 10-Q and is therefore filing this form with the reduced disclosure format.

MEDIACOM LLC AND SUBSIDIARIES  
FORM 10-Q  
FOR THE PERIOD ENDED JUNE 30, 1999

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## PART I

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## ITEM 1. FINANCIAL STATEMENTS

## MEDIACOM LLC AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS  
(All dollar amounts in 000's)

	June 30, 1999	December 31, 1998
ASSETS	----- (Unaudited)	-----
Cash and cash equivalents	\$ 1,555	\$ 2,212
Subscriber accounts receivable, net of allowance for doubtful accounts of \$397 in 1999 and \$298 in 1998	2,342	2,512
Prepaid expenses and other assets	1,690	1,712
Investment in cable television systems:		
Inventory	10,135	8,240
Property, plant and equipment, at cost	346,260	314,627
Less accumulated depreciation	(69,134)	(45,423)
	-----	-----
Property, plant and equipment, net	277,126	269,204
Intangible assets, net of accumulated amortization of \$38,888 in 1999 and \$26,307 in 1998	140,956	150,928
	-----	-----
Total investment in cable television systems	428,217	428,372
Other assets, net of accumulated amortization of \$7,039 in 1999 and \$3,854 in 1998	14,606	16,344
	-----	-----
Total assets	\$448,410 =====	\$451,152 =====
LIABILITIES AND MEMBERS' EQUITY		
LIABILITIES		
Debt	\$359,629	\$337,905
Accounts payable	1,204	2,678
Accrued expenses	29,931	29,446
Subscriber advances	1,888	1,510
Management fees payable	751	962
	-----	-----
Total liabilities	393,403	372,501
	-----	-----
Commitments and contingencies	-	-
MEMBERS' EQUITY		
Capital contributions	124,990	124,990
Accumulated deficit	(69,983)	(46,339)
	-----	-----
Total members' equity	55,007	78,651
	-----	-----
Total liabilities and members' equity	\$448,410 =====	\$451,152 =====

See accompanying notes to consolidated financial statements

MEDIACOM LLC AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS

(All dollar amounts in 000's)

(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	1999	1998	1999	1998
	-----	-----	-----	-----
Revenues	\$38,178	\$34,125	\$74,178	\$60,068
Costs and expenses:				
Service costs	12,350	11,641	24,175	21,463
Selling, general, and administrative expenses	7,301	6,238	14,502	11,541
Management fee expense	1,923	1,575	3,588	2,782
Depreciation and amortization	21,029	16,193	41,431	27,422
	-----	-----	-----	-----
Operating loss	(4,425)	(1,522)	(9,518)	(3,140)
	-----	-----	-----	-----
Interest expense, net	7,012	6,721	13,392	11,738
Other (income) expenses	(259)	228	734	3,568
	-----	-----	-----	-----
Net loss	\$ (11,178)	\$ (8,471)	\$ (23,644)	\$ (18,446)
	=====	=====	=====	=====

See accompanying notes to consolidated financial statements

MEDIACOM LLC AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS  
 (All dollar amounts in 000's)  
 (Unaudited)

	Six Months Ended June 30,	
	1999	1998
	-----	-----
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net loss	\$ ( 23,644)	\$ (18,446)
Adjustments to reconcile net loss to net cash flows from operating activities:		
Accretion of interest on seller note	149	136
Depreciation and amortization	41,431	27,422
Decrease (increase) in subscriber accounts receivable	170	(4,425)
Decrease (increase) in prepaid expenses and other assets	22	(1,403)
(Decrease) increase in accounts payable	(1,474)	4,095
Increase in accrued expenses	485	24,001
Increase in subscriber advances	378	9
(Decrease) increase in management fees payable	( 211)	414
Net cash flows from operating activities	17,306	31,803
	-----	-----
<b>CASH FLOWS USED IN INVESTING ACTIVITIES:</b>		
Capital expenditures	( 35,891)	(16,884)
Acquisitions of cable television systems	-	(337,195)
Other, net	( 314)	-
	-----	-----
Net cash flows used in investing activities	( 36,205)	(354,079)
	-----	-----
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Net borrowings	152,800	456,400
Repayment of debt	(131,225)	(214,175)
Capital contributions	-	94,000
Financing costs	( 3,333)	(13,568)
	-----	-----
Net cash flows from financing activities	18,242	322,657
	-----	-----
Net (decrease) increase in cash and cash equivalents	( 657)	381
	-----	-----
CASH AND CASH EQUIVALENTS, beginning of period	2,212	1,027
	-----	-----
CASH AND CASH EQUIVALENTS, end of period	\$ 1,555	\$ 1,408
	=====	=====
<b>SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:</b>		
Cash paid during the period for interest	\$ 10,999	\$ 7,482

See accompanying notes to consolidated financial statements

MEDIACOM LLC AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
(All dollar amounts in 000's)  
(Unaudited)

(1) Statement of Accounting Presentation and Other Information

Mediacom LLC ("Mediacom" and collectively with its subsidiaries, the "Company"), a New York limited liability company, was formed in July 1995 principally to acquire and operate cable television systems. As of June 30, 1999, the Company had acquired and was operating cable television systems in fourteen states, principally Alabama, California, Florida, Kentucky, Missouri and North Carolina.

Mediacom Capital Corporation ("Mediacom Capital"), a New York corporation wholly owned by Mediacom, was organized in March 1998 for the sole purpose of acting as co-issuer with Mediacom of \$200,000 aggregate principal amount of 8 1/2% senior notes due 2008 (the "8 1/2% Senior Notes") and of \$125,000 aggregate principal amount of 7 7/8% senior notes due 2011 (the "7 7/8% Senior Notes" and collectively with the 8 1/2% Senior Notes, the "Senior Notes") (see Note 3). Mediacom Capital has nominal assets and does not conduct operations of its own. The Senior Notes are joint and several obligations of Mediacom and Mediacom Capital, although Mediacom received all the net proceeds of the Senior Notes.

The consolidated financial statements include the accounts of Mediacom and its subsidiaries and have been prepared in accordance with the rules and regulations of the Securities and Exchange Commission. Accordingly, certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted.

The consolidated financial statements as of June 30, 1999 and 1998 are unaudited; however, in the opinion of management, such statements include all adjustments, consisting only of normal recurring adjustments, necessary for a fair presentation of the results for the periods presented. The accounting policies followed during such interim periods reported are in conformity with generally accepted accounting principles and are consistent with those applied during annual periods. For additional disclosures, including a summary of the Company's accounting policies, the interim financial statements should be read in conjunction with the Company's Annual Report on Form 10-K, as amended (File Nos. 333-57285-01 and 333-57285). The results of operations for the interim periods are not necessarily indicative of the results that might be expected for future interim periods or for the full year ending December 31, 1999.

(2) Acquisitions

The Company completed the undernoted acquisitions (the "Acquired Systems") in 1998. These acquisitions were accounted for using the purchase method of accounting, and accordingly, the purchase price of these acquisitions has been allocated to the assets acquired and liabilities assumed at their estimated fair values at their respective date of acquisition. The results of operations of the Acquired Systems have been included with those of the Company since the dates of acquisition.

On January 9, 1998, the Company acquired the assets of a cable television system serving approximately 17,200 basic subscribers in Clearlake, California and surrounding communities (the "Clearlake System") for a purchase price of \$21,400. The purchase price has been allocated based on an independent appraisal as follows: approximately \$5,973 to property, plant and equipment, and approximately \$15,427 to intangible assets. Additionally, approximately \$226 of direct acquisition costs has been allocated to other assets. In the first quarter of 1998, the Company recorded acquisition reserves related to this acquisition in the amount of approximately \$370, which are included in accrued expenses. The acquisition of the Clearlake System and related closing costs and adjustments were financed with borrowings under the Company's bank credit facilities (see Note 3).

MEDIACOM LLC AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(All dollar amounts in 000's)

(Unaudited)

On January 23, 1998, the Company acquired the assets of cable television systems serving approximately 260,100 basic subscribers in various regions of the United States (the "Cablevision Systems") for a purchase price of approximately \$308,200. The purchase price has been allocated based on an independent appraisal as follows: approximately \$205,500 to property, plant and equipment, and approximately \$102,700 to intangible assets. Additionally, approximately \$3,500 of direct acquisition costs has been allocated to other assets. In the first quarter of 1998, the Company recorded acquisition reserves related to this acquisition in the amount of approximately \$3,750, which are included in accrued expenses. The acquisition of the Cablevision Systems and related closing costs and adjustments were financed with equity contributions and borrowings under the Company's bank credit facilities (see Note 3).

On October 1, 1998, the Company acquired the assets of a cable television system serving approximately 3,800 basic subscribers in Caruthersville, Missouri (the "Caruthersville System") for a purchase price of \$5,000. The purchase price has been allocated as follows: approximately \$2,300 to property, plant and equipment, and approximately \$2,700 to intangible assets. The acquisition of the Caruthersville System and related closing costs and adjustments were financed with borrowings under the Company's bank credit facilities (see Note 3).

(3) Debt

As of June 30, 1999 and December 31, 1998, debt consisted of:

	June 30, 1999 -----	December 31, 1998 -----
Mediacom:		
8 1/2% Senior Notes (a)	\$200,000	\$200,000
7 7/8% Senior Notes (b)	125,000	-
Subsidiaries:		
Bank Credit Facilities (c)	31,000	134,425
Seller Note (d)	3,629	3,480
	-----	-----
	\$359,629	\$337,905
	=====	=====

(a) On April 1, 1998, Mediacom and Mediacom Capital jointly issued \$200,000 aggregate principal amount of 8 1/2% Senior Notes due on April 15, 2008. The 8 1/2% Senior Notes are unsecured obligations of the Company, and the indenture for the 8 1/2% Senior Notes stipulates, among other things, restrictions on incurrence of indebtedness, distributions, mergers and asset sales and has cross-default provisions related to other debt of the Company. Interest accrues at 8 1/2% per annum, beginning from the date of issuance and is payable semi-annually on April 15 and October 15 of each year. The 8 1/2% Senior Notes may be redeemed at the option of Mediacom, in whole or part, at any time after April 15, 2003, at redemption prices decreasing from 104.25% of their principal amount to 100% in 2006, plus accrued and unpaid interest.

(b) On February 26, 1999, Mediacom and Mediacom Capital jointly issued \$125,000 aggregate principal amount of 7 7/8% Senior Notes due on February 15, 2011. The 7 7/8% Senior Notes are unsecured obligations of the Company, and the indenture for the 7 7/8% Senior Notes stipulates, among other things, restrictions on incurrence of indebtedness, distributions, mergers and asset sales and has cross-default provisions related to other debt of the Company. Interest accrues at 7 7/8% per annum, beginning from the date of issuance and is payable semi-annually on February 15 and August 15 of each year, commencing on August 15, 1999. The 7 7/8% Senior Notes may be redeemed at the option

MEDIACOM LLC AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(All dollar amounts in 000's)

(Unaudited)

of Mediacom, in whole or part, at any time after February 15, 2006, at redemption prices decreasing from 103.938% of their principal amount to 100% in 2008, plus accrued and unpaid interest.

- (c) On June 24, 1997, the Company entered into an eight and one-half year, \$100,000 reducing revolver and term loan agreement (the "Western Credit Agreement"). On January 23, 1998, the Company entered into a separate eight and one-half year, \$225,000 reducing revolver and term loan agreement (the "Southeast Credit Agreement" and together with the Western Credit Agreement, the "Bank Credit Agreements"). By separate amendments dated as of January 26, 1999 to each of the Bank Credit Agreements, the term loans were converted into additional revolving credit loans. At June 30, 1999, the aggregate commitments under the Bank Credit Agreements were \$321,000. The Bank Credit Agreements are non-recourse to Mediacom and have no cross-default provisions relating directly to each other. The reducing revolving credit lines under the Bank Credit Agreements make available a maximum commitment amount for a period of up to eight and one-half years, which is subject to quarterly reductions, beginning September 30, 1998, ranging from 0.21% to 11.58% of the original commitment amount of the reducing revolver. The Bank Credit Agreements require mandatory reductions of the reducing revolver credit lines from excess cash flow, as defined, beginning December 31, 1999. The Bank Credit Agreements provide for interest at varying rates based upon various borrowing options and the attainment of certain financial ratios, and for commitment fees of 3/8% to 1/2% per annum on the unused portion of available credit under the reducing revolver credit lines. The average interest rate on outstanding debt under the Bank Credit Agreements was 6.3% and 6.9% for the three months ended June 30, 1999 and December 31, 1998, respectively, before giving effect to the interest rate swap agreements discussed below.

The Bank Credit Agreements require the Company to maintain compliance with certain financial covenants including, but not limited to, the leverage ratio, the interest coverage ratio, the fixed charge coverage ratio and the pro forma debt service coverage ratio, as defined therein. The Bank Credit Agreements also require the Company to maintain compliance with other covenants including, but not limited to, limitations on mergers and acquisitions, consolidations and sales of certain assets, liens, the incurrence of additional indebtedness, certain restrictive payments, and certain transactions with affiliates. The Company was in compliance with all covenants of its Bank Credit Agreements as of June 30, 1999.

The Bank Credit Agreements are secured by Mediacom's pledge of all its ownership interests in the subsidiaries and a first priority lien on all the tangible and intangible assets of the operating subsidiaries, other than real property in the case of the Southeast Credit Agreement. The indebtedness under the Bank Credit Agreements is guaranteed by Mediacom on a limited recourse basis to the extent of its ownership interests in the operating subsidiaries. At June 30, 1999, the Company had \$260,000 of unused bank commitments under the Bank Credit Agreements, all of which could have been borrowed by the operating subsidiaries for purposes of distributing such borrowed proceeds to Mediacom under the most restrictive covenants.

As of June 30, 1999, the Company had entered into interest rate exchange agreements (the "Swaps") with various banks pursuant to which the interest rate on \$50,000 is fixed at a weighted average swap rate of approximately 6.2%, plus the average applicable margin over the Eurodollar Rate option under the Bank Credit Agreements. Under the terms of the Swaps, which expire from 2000 through 2002, the Company is exposed to credit loss in the event of nonperformance by the other parties to the Swaps. However, the Company does not anticipate nonperformance by the counterparties. During the first quarter of 1999, the net proceeds from the offering of the 7 7/8% Senior Notes, in the amount of approximately \$121,900, were used to repay a substantial portion of outstanding debt under the Bank Credit Agreements. As a result of this repayment of floating rate bank debt, approximately \$19,000 of the \$50,000 of Swaps outstanding as of June 30, 1999, no longer qualify as hedge instruments. Accordingly, such Swaps have



MEDIACOM LLC AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(All dollar amounts in 000's)

(Unaudited)

been marked to market as of June 30, 1999, with a fair value of approximately \$135 which is included in accrued expenses. The related effect to the consolidated statement of operations was approximately \$619, which is included in other income for the three months ended June 30, 1999 and \$135, which is included in other expenses for the six months ended June 30, 1999.

- (d) In connection with an acquisition completed in 1996, certain subsidiaries of Mediacom issued to the seller an unsecured senior subordinated note (the "Seller Note") in the amount of \$2,800, with a final maturity of June 28, 2006. Interest is deferred throughout the term of the Seller Note and is payable at maturity or upon prepayment. For the five-year period ending June 28, 2001, the annual interest rate is 9.0%. After the initial five-year period, the annual interest rate increases to 15.0%, with an interest clawback for the first five years. After the initial seven-year period, the interest rate increases to 18.0%, with an interest clawback for the first seven years. There are no penalties associated with prepayment of this note.

The Seller Note agreement contains a debt incurrence covenant limiting the ability of the Company to incur additional indebtedness under the Western Credit Agreement. The Seller Note is subordinated and junior in right of payment to all senior obligations of certain subsidiaries, as defined in the Western Credit Agreement.

All debt outstanding as of June 30, 1999, matures after December 31, 2004.

(4) Commitments and Contingencies

Pursuant to the Cable Television Consumer Protection and Competition Act of 1992, the Federal Communications Commission (the "FCC") adopted comprehensive regulations governing rates charged to subscribers for basic cable and cable programming services. The FCC's authority to regulate the rates charged for cable programming services expired on March 31, 1999. Basic cable rates must be set using a benchmark formula. Alternatively, a cable operator can attempt to establish higher rates through a cost-of-service showing. The FCC has also adopted regulations that permit qualifying small cable operators to justify their regulated rates using a simplified rate-setting methodology. This methodology almost always results in rates which exceed those produced by the cost-of-service rules applicable to larger cable television operators. Approximately 70% of the basic subscribers served by the Company's cable television systems are covered by such FCC rules. Once rates for basic cable service have been established pursuant to one of these methodologies, the rate level can subsequently be adjusted only to reflect changes in the number of regulated channels, inflation, and increases in certain external costs, such as franchise and other governmental fees, copyright and retransmission consent fees, taxes, programming costs and franchise-related obligations. FCC regulations also govern the rates which can be charged for the lease of customer premises equipment and for installation services.

As a result of such legislation and FCC regulations, the Company's basic cable service rates and its equipment and installation charges (the "Regulated Services") are subject to the jurisdiction of local franchising authorities. The Company believes that it has complied in all material respects with the rate regulation provisions of the federal law. However, the Company's rates for Regulated Services are subject to review by the appropriate franchise authority if it is certified by the FCC to regulate basic cable service rates. If, as a result of the review process, the Company cannot substantiate the rates charged by its cable television systems for Regulated Services, the Company could be required to reduce its rates for Regulated Services to the appropriate level and refund the excess portion of rates received for up to one year prior to the implementation of any increase in rates for Regulated Services.

MEDIACOM LLC AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(All dollar amounts in 000's)

(Unaudited)

The Company's agreements with franchise authorities require the payment of fees of up to 5% of annual revenues. Such franchises are generally nonexclusive and are granted by local governmental authorities for a specified term of years, generally for periods of up to fifteen years.

On April 29, 1999, a bank issued two irrevocable letters of credit in the aggregate amount of \$30,000 in favor of the seller of the Triax Systems (defined below) to secure the Company's performance under the related definitive agreement.

(5) FASB 131 - Disclosure about Segments of an Enterprise and Related Information

As of December 31, 1998, the Company adopted Statement of Financial Accounting Standards (SFAS) No. 131, "Disclosure about Segments of an Enterprise and Related Information". This statement requires the Company to report segment financial information consistent with the presentations made to the Company's management for decision-making purposes. All revenues of the Company are derived solely from cable television operations and related activities. The decision making of the Company's management is based primarily on the impact of capital and operational resource allocations on the Company's consolidated system cash flow (defined as operating income (loss) before management fee expense, and depreciation and amortization). The Company's management evaluates such factors as the bandwidth capacity and other cable plant characteristics, the offered programming services, and the customer rates, when allocating capital and operational resources. The Company's consolidated system cash flow for the three months ended June 30, 1999 and 1998 was approximately \$18,527, and \$16,246, respectively, and for the six months ended June 30, 1999 and 1998 was approximately \$35,501 and \$27,064, respectively.

(6) Recent Developments

On April 29, 1999, the Company entered into a definitive agreement to acquire the cable television systems owned by Triax Midwest Associates, L.P. (the "Triax Systems") for a purchase price of \$740,000. The Triax Systems serve approximately 341,500 basic subscribers in Arizona, Illinois, Indiana, Iowa, Michigan, Minnesota, Ohio and Wisconsin. Closing is expected in the fourth quarter of 1999 and is subject to regulatory and other customary approvals.

On May 26, 1999, the Company entered into a definitive agreement to purchase the outstanding capital stock of Zylstra Communications Corporation (the "Zylstra Systems") for a purchase price of \$21,500. The Zylstra Systems serve approximately 14,000 basic subscribers in Iowa, Minnesota, and South Dakota. Closing is expected in the second half of 1999 and is subject to regulatory and other customary approvals.

On July 2, 1999, the Company signed an exclusive agreement, subject to completion of final documents, with SoftNet Systems, Inc. ("SoftNet"), a high-speed broadband Internet access and content services company, to deploy SoftNet's high speed Internet access services throughout the Company's cable television systems. In addition to a revenue sharing arrangement, the Company will receive 3.5 million shares of SoftNet's common stock as compensation for SoftNet's exclusive long-term rights to deliver high-speed Internet access services to the Company's customers. Under the terms of this agreement, over a period of three years the Company is required to upgrade its cable network to provide two-way communications capability in cable systems passing 900,000 homes, including the Triax Systems and Zylstra Systems, and make available such homes to SoftNet. There can be no assurance that the final documents for the transaction with SoftNet will be completed.

MEDIACOM CAPITAL CORPORATION

BALANCE SHEETS

	June 30, 1999 ----- (Unaudited)	December 31, 1998 -----
ASSETS		
Note receivable - from affiliate for issuance of common stock	\$ 100 -----	\$ 100 -----
Total assets	\$ 100 -----	\$ 100 -----
LIABILITIES AND STOCKHOLDER'S EQUITY		
Stockholder's equity		
Common Stock, par value \$0.10; 200 shares authorized; 100 shares issued and outstanding	\$ 10	\$ 10
Additional paid-in capital	90 -----	90 -----
Total stockholder's equity	\$ 100 -----	\$ 100 -----
Total liabilities and stockholder's equity	\$ 100 -----	\$ 100 -----

See accompanying note to the balance sheets

MEDIACOM LLC AND SUBSIDIARIES

NOTES TO THE BALANCE SHEETS  
(All dollar amounts in 000's)  
(Unaudited)

(1) Organization

Mediacom Capital Corporation ("Mediacom Capital"), a New York corporation, wholly-owned by Mediacom LLC ("Mediacom"), was organized on March 9, 1998 for the sole purpose of acting as co-issuer with Mediacom of \$200,000 aggregate principal amount of the 8 1/2% senior notes due April 15, 2008. Interest on the 8 1/2% senior notes is payable semi-annually on April 15 and October 15 of each year. Mediacom Capital does not conduct operations of its own.

On February 26, 1999, Mediacom and Mediacom Capital jointly issued \$125,000 aggregate principal amount of 7 7/8% senior notes due on February 15, 2011. The net proceeds from this offering of approximately \$121,900 were used to repay a substantial portion of outstanding bank debt under the bank credit facilities of Mediacom's operating subsidiaries. Interest on the 7 7/8% senior notes is payable semi-annually on February 15 and August 15 of each year, commencing on August 15, 1999.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Introduction

The following discussion of the financial condition and results of operations of the Company, the description of the Company's business as well as other sections of this Form 10-Q contain certain forward-looking statements. The Company's actual results could differ materially from those discussed herein and its current business plans could be altered in response to market conditions and other factors beyond the Company's control.

Adjusted EBITDA represents operating income (loss) before depreciation and amortization. Adjusted EBITDA is not intended to be a performance measure that should be regarded as an alternative either to operating income or net income as an indicator of operating performance, or to the statement of cash flows as a measure of liquidity, as determined in accordance with generally accepted accounting principles. Adjusted EBITDA is included herein because the Company's management believes that Adjusted EBITDA is a meaningful measure of performance as it is commonly used by the cable television industry and by the investment community to analyze and compare cable television companies on the basis of operating performance, leverage and liquidity. In addition, the primary debt instruments of the Company contain certain covenants, compliance with which is measured by computations similar to determining Adjusted EBITDA. The Company's definition of Adjusted EBITDA may not be identical to similarly titled measures reported by other companies.

Mediacom was founded in July 1995 principally to acquire, operate and develop cable television systems in selected non-metropolitan markets of the United States. The Company's business strategy is to: (i) acquire underperforming and undervalued cable television systems primarily in non-metropolitan markets, as well as related telecommunications businesses; (ii) invest in the development of a state-of-the-art technological platform for delivery of broadband video and other services to its customers; (iii) provide superior customer service; and (iv) deploy a flexible financing strategy to complement the Company's growth objectives and operating plans.

The Company commenced operations in March 1996 with the acquisition of its first cable television system. As of June 30, 1999, the Company had completed nine acquisitions of cable television systems that on such date passed approximately 523,000 homes and served approximately 355,800 basic subscribers. All acquisitions have been accounted for under the purchase method of accounting and, therefore, the Company's historical results of operations include the results of operations for each acquired system subsequent to its respective acquisition date.

Results of Operations

The following historical information includes the results of operations of the Clearlake System (acquired on January 9, 1998), the Cablevision Systems (acquired on January 23, 1998), and the Caruthersville System (acquired on October 1, 1998) (collectively, the "Acquired Systems") only for that portion of the respective period that such cable television systems were owned by the Company. See Note 2 to the Company's consolidated financial statements for a detailed description of the Company's acquisitions in 1998.

Three Months Ended June 30, 1999 Compared to Three Months Ended June 30, 1998

Revenues increased 11.9% to approximately \$38.2 million for the three months ended June 30, 1999 as compared to \$34.1 million for the three months ended June 30, 1998, primarily as a result of:

- . including the results of operations of the Caruthersville System in the 1999 period;
- . an increase in the average monthly basic service rate of \$2.89 per basic subscriber; and
- . internal basic subscriber growth of 2.0%, excluding the acquisition of the Caruthersville System.

Average monthly revenue per basic subscriber increased to \$35.75 for the three months ended June 30, 1999, from \$32.89 for the corresponding period of 1998. At June 30, 1999, the Company served approximately 355,800 basic subscribers compared to approximately 345,000 basic subscribers at June 30, 1998.

Service costs increased 6.1% to approximately \$12.4 million for the three months ended June 30, 1999, as compared to approximately \$11.6 million for the three months ended June 30, 1998. The Caruthersville System accounted for approximately 28.6% of the total increase. Excluding the Caruthersville System, these costs increased by approximately \$571,000 primarily as a result of increased programming costs, additional programming carried by the Company's systems and increased employee expenses. As a percentage of revenues, service costs were 32.3% for the three months ended June 30, 1999, as compared with 34.1% for the three months ended June 30, 1998.

Selling, general and administrative expenses increased 17.0% to approximately \$7.3 million for the three months ended June 30, 1999, as compared to approximately \$6.2 million for the three months ended June 30, 1998. The Caruthersville System accounted for approximately 10.6% of the total increase. Excluding the Caruthersville System, these costs increased by approximately \$983,000 primarily as a result of increased marketing costs associated with the promotion of new programming services and higher personnel expenses. As a percentage of revenues, selling, general and administrative expenses were 19.1% for the three months ended June 30, 1999, as compared with 18.3% for the three months ended June 30, 1998.

Management fee expense increased 22.1% to approximately \$1.9 million for the three months ended June 30, 1999, from approximately \$1.6 million in the comparable 1998 period, due to the higher revenues generated in the 1999 period.

Depreciation and amortization expense increased 29.9% to approximately \$21.0 million for the three months ended June 30, 1999, from approximately \$16.2 million in the comparable 1998 period. This increase was substantially due to the Company's acquisitions in 1998 and additional capital expenditures associated with the upgrade of the Company's systems.

Interest expense, net, increased 4.3% to approximately \$7.0 million for the three months ended June 30, 1999, from approximately \$6.7 million for the three months ended June 30, 1998. This increase was substantially due to higher average debt outstanding during the 1999 period. Other income was approximately \$259,000 for the three months ended June 30, 1999 as compared to other expense of approximately \$228,000 for the three months ended June 30, 1998. This change was principally due to a decrease in the fair value of interest rate swaps.

Due to the factors described above, the Company generated a net loss of approximately \$11.2 million for the three months ended June 30, 1999, compared to a net loss of approximately \$8.5 million for the three months ended June 30, 1998.

Adjusted EBITDA increased 13.2% to approximately \$16.6 million for the three months ended June 30, 1999, from approximately \$14.7 million for the three months ended June 30, 1998. This increase was substantially due to the reasons noted above. Adjusted EBITDA as a percentage of revenues increased to 43.5% for the three months ended June 30, 1999, from 43.0% for the three months ended June 30, 1998. On a pro forma basis, assuming the Acquired Systems were owned and operated by the Company as of January 1, 1998, Adjusted EBITDA increased by 12.1% for the three months ended June 30, 1999 over the comparable period in 1998.

#### Six Months ended June 30, 1999 Compared to Six Months Ended June 30, 1998

Revenues increased 23.5% to approximately \$74.2 million for the six months ended June 30, 1999, as compared to approximately \$60.1 million for the six months ended June 30, 1998, primarily as a result of:

- . including the results of operations of the Acquired Systems for the full six month period in 1999;
- . an increase in the average monthly basic service rate of \$2.98 per basic subscriber; and
- . internal basic subscriber growth of 2.0%, excluding the acquisition of the Caruthersville System.

Service costs increased 12.6% to approximately \$24.2 million for the six months ended June 30, 1999, as compared to approximately \$21.5 million for the six months ended June 30, 1998. The Acquired Systems accounted for substantially all of this increase. As a percentage of revenues, service costs were 32.6% for the six months ended June 30, 1999, as compared with 35.7% for the six months ended June 30, 1998.

Selling, general and administrative expenses increased 25.7% to approximately \$14.5 million for the six months ended June 30, 1999, from approximately \$11.5 million for the six months ended June 30, 1998. The Acquired Systems accounted for approximately 43.3% of the total increase. Excluding the Acquired Systems, these costs increased by approximately \$1.7 million primarily as a result of increased marketing costs associated with the promotion of new programming services and increased personnel expenses. As a percentage of revenues, selling, general and administrative expenses were 19.6% for the six months ended June 30, 1999 as compared with 19.2% for the six months ended June 30, 1998.

Management fee expense increased 29.0% to approximately \$3.6 million for the six months ended June 30, 1999, from approximately \$2.8 million in the comparable 1998 period, due to the higher revenues generated in the 1999 period.

Depreciation and amortization expense increased 51.1% to approximately \$41.4 million for the six months ended June 30, 1999, from approximately \$27.4 million in the comparable 1998 period. This increase was substantially due to the Company's acquisitions in 1998 and additional capital expenditures associated with the upgrade of the Company's systems.

Interest expense, net, increased 14.1% to approximately \$13.4 million for the six months ended June 30, 1999, from approximately \$11.7 million for the six months ended June 30, 1998. This increase was substantially due to higher average debt outstanding during the 1999 period as a result of the debt incurred in connection with the purchase of the Acquired Systems. Other expenses decreased 79.4% to approximately \$734,000 for the six months ended June 30, 1999, from approximately \$3.6 million for the six months ended June 30, 1998. This decrease was principally due to acquisition fees incurred in the 1998 period in connection with the acquisition of the Clearlake System and the Cablevision Systems.

Due to the factors described above, the Company generated a net loss of approximately \$23.6 million for the six months ended June 30, 1999, compared to a net loss of approximately \$18.4 million for the six months ended June 30, 1998.

Adjusted EBITDA increased 31.4% to approximately \$31.9 million for the six months ended June 30, 1999, from approximately \$24.3 million for the six months ended June 30, 1998. This increase was substantially due to the inclusion of the results of operations of the Acquired Systems for the full six-month period in 1999, and the other factors described above. Adjusted EBITDA as a percentage of revenues increased to 43.0% for the six months ended June 30, 1999, from 40.4% for the six months ended June 30, 1998. On a pro forma basis, assuming the Acquired Systems were owned and operated by the Company as of January 1, 1998, Adjusted EBITDA increased 17.6% for the six months ended June 30, 1999 over the comparable period in 1998.

#### Liquidity and Capital Resources

The cable television business is a capital-intensive business that generally requires financing for the upgrade, expansion and maintenance of the technical infrastructure. In addition, the Company has pursued, and will continue to pursue, a business strategy that includes selective acquisitions. The Company has funded its working capital requirements, capital expenditures and acquisitions through a combination of internally generated funds, long-term borrowings and equity contributions. The Company intends to continue to finance such expenditures through the same sources.

During the third quarter of 1998, the Company modified its previously disclosed five-year capital improvement program by accelerating its planned completion date to June 30, 2000. This accelerated program will enable the Company to deploy digital cable television technology and cable modem service earlier and more widespread than previously planned, beginning in 1999. Upon completion of the capital improvement program in June 30, 2000, the Company anticipates that over 85% of its existing customer base will be served by cable television systems with 550-750MHz bandwidth capacity.

As a result of these strategic initiatives, total capital expenditures (other than those related to acquisitions) are budgeted at \$66.0 million for 1999, of which approximately \$35.9 million was spent during the six months ended June 30, 1999. The Company intends to utilize cash generated from operations and its available unused credit commitments under its subsidiary bank credit facilities, as described below, to fund its capital expenditures budget.

From the Company's commencement of operations in March 1996 through December 31, 1997, the Company invested approximately \$97.8 million (before closing costs) to acquire cable television systems serving approximately 66,700 basic subscribers as of June 30, 1999. In 1998, the Company invested approximately \$334.6 million (before closing costs) to acquire cable television systems serving approximately 289,100 basic subscribers as of June 30, 1999. In the aggregate, the Company has invested approximately \$432.4 million (before closing costs) to acquire its cable television systems serving approximately 355,800 basic subscribers as of June 30, 1999.

Mediacom is a limited liability company that serves as the holding company for its various subsidiaries, each of which is also a limited liability company. To date, the Company's financing strategy has been to raise equity from its members and issue public long-term debt at the holding company level, while utilizing its subsidiaries to access debt capital, principally in the commercial bank market, through two stand-alone borrowing groups. The Company believes that this financing strategy is beneficial because it broadens the Company's access to various debt markets, enhances its flexibility in managing the Company's capital structure, reduces the overall cost of debt capital, and permits the Company to maintain a substantial liquidity position in the form of unused and available bank credit commitments.

As of June 30, 1999, in order to finance its working capital requirements, capital expenditures and acquisitions and to provide liquidity for future capital needs, the Company had completed the following financing arrangements:

- . \$100.0 million subsidiary bank credit agreement expiring in September 2005;
- . \$225.0 million subsidiary bank credit agreement expiring in September 2006;
- . \$2.8 million original principal amount seller note issued in connection with the acquisition of a cable television system;
- . \$200.0 million offering of 8 1/2% senior notes in April 1998;
- . \$125.0 million offering of 7 7/8% senior notes in February 1999; and
- . \$125.0 million of equity capital contributed by Mediacom's members.

As of June 30, 1999, the Company had entered into interest rate swap agreements to hedge a notional amount of \$50.0 million of borrowings under the bank credit agreements, which expire from 2000 through 2002. For the three months ended June 30, 1999, the weighted average interest rate on all indebtedness outstanding under the Company's credit facilities was approximately 6.3%, before giving effect to the aforementioned interest rate swap agreements.

As of June 30, 1999, a bank had issued two irrevocable letters of credit under the Company's existing bank credit agreements in the aggregate amount of \$30.0 million (the "Acquisition Deposit") in favor of the seller of the Triax Systems to secure the Company's performance under the related agreement to acquire these systems.



As of June 30, 1999, the Company had \$260.0 million of unused credit commitments, all of which could have been borrowed and distributed to the Company under the most restrictive covenants in the bank credit agreements. Debt leverage and interest coverage ratios are commonly used in the cable television industry to measure liquidity and financial condition. For the three-month period ended June 30, 1999, the debt leverage ratio (defined as total debt at the end of the period, exclusive of the Acquisition Deposit, divided by annualized Adjusted EBITDA for the period) was 5.41x and the interest coverage ratio (defined as Adjusted EBITDA divided by interest expense, net for the period ) was 2.37x.

On April 29, 1999, the Company signed a definitive agreement to purchase the cable television systems owned by Triax Midwest Associates, L.P. (the "Triax Systems") for \$740.0 million, before closing costs and adjustments. As of June 30, 1999, the Triax Systems served approximately 341,500 basic subscribers in eight states, principally Illinois, Indiana, Iowa and Minnesota. The Company anticipates closing this transaction in the fourth quarter of 1999, subject to regulatory and other customary approvals.

On May 26, 1999, the Company signed a definitive agreement to purchase all of the outstanding stock of Zylstra Communications Corporation (the "Zylstra Systems") for \$21.5 million, before closing costs and adjustments. As of June 30, 1999, the Zylstra Systems served approximately 14,000 basic subscribers in Iowa, Minnesota and South Dakota. The Company anticipates closing this transaction in the second half of 1999, subject to regulatory and other customary approvals.

The Company expects to spend \$761.5 million, before adjustments and closing costs, to acquire the Triax Systems and Zylstra Systems. In order to finance these acquisitions and to provide liquidity for future capital needs, the Company plans to establish two new subsidiary credit facilities in an aggregate amount of \$1.0 billion. The first facility would replace and combine the existing subsidiary bank credit facilities and provide a \$400.0 million revolving credit facility and a \$100.0 million term loan. The Company has received commitments from lenders for the \$400.0 million revolving credit facility and is currently seeking commitments for the \$100.0 million term loan. These commitments are subject to numerous conditions, including completion of documentation acceptable to the lenders. It is anticipated that the second facility would provide for an additional \$500.0 million in credit commitments. The Company also expects to receive \$10.5 million of new capital commitments from its members. The Company anticipates that these financing arrangements will be completed prior to closing the acquisition of the Triax Systems.

The Company is regularly presented with opportunities to acquire cable television systems that are evaluated on the basis of the Company's acquisition strategy. Although the Company presently does not have any definitive agreements to acquire or sell any of its cable television systems, other than the definitive agreements to acquire the Triax Systems and Zylstra Systems, from time to time it negotiates with prospective sellers to acquire additional cable television systems. These potential acquisitions are subject to the negotiation and completion of definitive documentation, which will include customary representations and warranties and will be subject to a number of closing conditions. No assurance can be given that such definitive documents will be entered into or that, if entered into, the acquisitions will be consummated.

Although the Company has not generated earnings sufficient to cover fixed charges, the Company has generated cash and obtained financing sufficient to meet its debt service, working capital, capital expenditures and acquisition requirements. The Company expects that it will continue to be able to generate funds and obtain financing sufficient to service its obligations and complete its pending acquisitions. There can be no assurance that the Company will be able to complete the financing arrangements described above, or, if the Company was able to do so, that the terms would be favorable to the Company.

#### Recent Accounting Pronouncements

In 1998, Statement of Financial Accounting Standards No. 133, "Accounting for Derivative Instruments and Hedging Activities", ("SFAS 133") was issued. SFAS 133 establishes accounting and reporting standards requiring that every derivative instrument be recorded in the balance sheet as either an asset or liability measured at its fair value. The Company will adopt SFAS 133 in fiscal 2001, but has not quantified the impact or not yet determined the timing or method of the adoption.

## Inflation and Changing Prices

The Company's costs and expenses are subject to inflation and price fluctuations. However, because changes in costs are generally passed through to subscribers, such changes are not expected to have a material effect on the Company's results of operations.

### Year 2000

The Company has formed a Year 2000 project management team responsible for overseeing, coordinating and reporting on the Year 2000 remediation efforts. The Company has implemented a company-wide effort to assess and remediate its computer systems, related software and equipment. This effort will also help to ensure such systems, software and equipment can recognize, process and store information in the year 2000 and thereafter. Such Year 2000 remediation efforts include an assessment of the most critical systems, such as customer service and billing systems, headend facilities, business support operations, and other equipment and facilities. The Company is also verifying the Year 2000 readiness of its significant suppliers and vendors.

As of June 30, 1999, the Company's assessment and remediation were substantially complete, and testing and implementation are 50% complete, with final completion expected in the fourth quarter of 1999.

The project management team has also identified the Company's most critical supplier/vendor relationships and has instituted a verification process to determine the vendors' Year 2000 readiness. Such verification includes reviewing vendors' test and other data and engaging in regular communications with vendors' Year 2000 teams. The Company is currently conducting tests to validate the Year 2000 compliance of certain critical products and services.

The completion dates set forth above are based on current expectations. However, due to the uncertainties inherent in Year 2000 remediation, no assurances can be given as to whether such projects will be completed on such dates.

The Company is in the process of acquiring certain cable television systems, and it is monitoring their Year 2000 remediation efforts. However, the Company cannot determine at this time the materiality of information technology and non-information technology issues, if any, relating to the Year 2000 problem affecting those cable television systems. The Company is in the process of including these pending acquisitions in its Year 2000 program and is not currently aware of any likely material Year 2000 problems.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

In the normal course of business, the Company uses interest rate swap agreements in order to fix the interest rate for the duration of the contract as a hedge against interest rate volatility. As of June 30, 1999, the Company had interest rate exchange agreements (the "Swaps") with various banks pursuant to which the interest rate on \$50.0 million is fixed at a weighted average swap rate of approximately 6.2%, plus the average applicable margin over the Eurodollar Rate option under the Company's bank credit facilities. Under the terms of the Swaps, which expire from 2000 through 2002, the Company is exposed to credit loss in the event of nonperformance by the other parties to the Swaps. However, the Company does not anticipate nonperformance by the counterparties. On February 26, 1999, Mediacom and Mediacom Capital jointly issued \$125,000 aggregate principal amount of 7 7/8% Senior Notes due on February 15, 2011. Interest accrues at 7 7/8% per annum, beginning from the date of issuance and is payable semi-annually. The net proceeds from the offering of the 7 7/8% senior notes, in the amount of approximately \$121.9 million, were used to repay a substantial portion of outstanding debt under the bank credit agreements. As a result of the repayment of floating rate bank debt, \$19.0 million of the \$50.0 million of Swaps outstanding as of June 30, 1999, no longer qualify as hedge instruments. Accordingly, such Swaps have been marked to market as of June 30, 1999 and had a fair value of approximately \$135,000 which is included in accrued expenses. The related effect to the consolidated statement of operations was approximately \$619,000 which is included in other income for the three months ended June 30, 1999 and approximately \$135,000 which is included in other expenses for the six months ended June 30, 1999.

PART II

ITEM 6.

(a) Exhibits

Exhibit

- - - - -

Number	Exhibit Descriptions
- - - - -	- - - - -

2.10	Stock Purchase Agreement dated May 25, 1999 by and among Mediacom LLC, Charles D. Zylstra, Kara M. Zylstra and Trusts under the Will dated June 3, 1982 of Roger E. Zylstra, deceased.
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27.1	Financial Data Schedule
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(b) Reports on Form 8-K

None.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

MEDIACOM LLC

August 16, 1999

By: /s/ Mark E. Stephan

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Mark E. Stephan  
Senior Vice President,  
Chief Financial Officer, Treasurer  
And Principal Financial Officer

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

MEDIACOM CAPITAL CORPORATION

August 16, 1999

By: /s/ Mark E. Stephan

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Mark E. Stephan  
Treasurer, Secretary and  
Principal Financial Officer

STOCK PURCHASE AGREEMENT

BY AND AMONG

CHARLES D. ZYLSTRA,  
KARA M. ZYLSTRA  
and  
TRUSTS UNDER THE WILL DATED JUNE 3, 1982 OF  
ROGER E. ZYLSTRA, DECEASED,

SELLERS

AND

MEDIACOM LLC,

BUYER

DATED AS OF MAY 25, 1999

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STOCK PURCHASE AGREEMENT  
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This STOCK PURCHASE AGREEMENT (the "Agreement") is made and entered into this 25th day of May, 1999, by and among Charles D. Zylstra ("Charles"), Kara M. Zylstra ("Kara") and Trusts created under the Will dated June 3, 1982 of Roger E. Zylstra, deceased, for the benefit of Charles D. Zylstra and Kara M. Zylstra, (the "Trust", and jointly, severally and collectively with Charles and Kara, "Sellers") and MEDIACOM LLC, a New York limited liability company ("Buyer").

R E C I T A L S:  
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1. Charles owns 13.3336 shares of the Common Stock of Zylstra Communications Corporation, a Minnesota corporation (the "Company"); Kara owns 13.3336 shares of the Common Stock of the Company; and the Trust owns 53.3328 shares of the Company (the shares of Common Stock owned by Charles, Kara and the Trust are hereinafter collectively referred to as the "Shares").

2. The Company owns and operates Systems (as hereinafter defined) in and around the communities of Yankton and Vermillion, South Dakota, Worthington and Luverne, Minnesota and Orange City and Alton, Iowa.

3. Sellers desire to sell, and Buyer desires to purchase, the Shares on the terms and conditions set forth in this Agreement.

NOW, THEREFORE, in consideration of the promises and the respective agreements hereinafter set forth, the parties agree as follows:

ARTICLE 1  
DEFINITIONS

"Abbott Co." shall have the meaning set forth in the definition of  
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Phantom Equity Interests.

"Accounts Receivable" shall mean, as of the Closing Date, Equivalent  
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Basic Subscriber accounts receivable of the Company, determined in accordance with GAAP, representing amounts owed to the Company in connection with its operation of the Systems in the ordinary course of business.

"Affiliate" shall mean, with respect to any Person, any other Person  
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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.

"Assets" shall mean all properties, privileges, rights, interests and  
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claims, real and personal, tangible and intangible and mixed, of every type and description that are owned, leased, used or held for use in the Business or in which the Company has any right, title or interest or in which the Company acquires any right, title or interest on or before the Closing Date, including but not limited to Accounts Receivable, Governmental Permits, Intangibles, Contracts, Equipment, and Real Property, all cash and cash equivalents and notes receivable, but excluding the Excluded Assets and any Assets disposed of by the Company prior to the Closing as permitted by this Agreement.

"Business" shall mean the cable television business and any other  
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business conducted by the Company through the Systems in the Franchise Areas.

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

"Buyer" shall have the meaning set forth in the preamble to this  
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Agreement.

"Charles" shall have the meaning set forth in the preamble to this  
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Agreement.

"Closing" shall mean the consummation of the transactions contemplated  
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by this Agreement, as described in Article III.

"Closing Date" shall have the meaning set forth in Section 3.1.  
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"Closing Period Subchapter S Year" shall have the meaning set forth in  
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Section 2.5.

"Code" shall mean the Internal Revenue Code of 1986, as amended.  
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"Communications Act" shall mean the Communications Act of 1934, as  
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amended, and the rules and regulations thereunder as from time to time in effect.

"Company" shall have the meaning set forth in the recitals to this  
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Agreement.

"Company Paid Tax Schedule" shall have the meaning set forth in  
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Section 2.5.

"Confidential Parties" shall have the meaning set forth in Section  
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6.14.

"Consents" shall mean any registration or filing with, consent or  
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approval of, notice to, waiver or action by any Person or Governmental Authority required to permit the transfer of the Shares to Buyer or to permit Sellers to perform any of their other obligations under this Agreement, as set forth on Schedule 4.7.

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"Contracts" shall mean all contracts, agreements and leases (other  
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than those that are Governmental Permits or Excluded Assets), to which the Company is a party or that pertain to the ownership, operation or maintenance of the Assets or the Business.

"Copyright Act" shall mean the Copyright Revision Act of 1976, as  
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amended.

"Current Assets" shall have the meaning set forth in Section 2.4.  
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"Disapproved Matters" shall mean those title exceptions disclosed on  
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the Preliminary Title Report (other than Permitted Encumbrances) which, in Buyer's reasonable judgment, have an adverse impact on the Real Property owned by the Company or Buyer's intended use thereof.

"Employees" shall have the meaning set forth in Section 4.12.  
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"Encumbrance" shall mean any mortgage, lien, security interest,  
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security agreement, conditional sale or other title retention agreement, lease, consignment or bailment given for security purposes, limitation, pledge, option, charge, assessment, restrictive agreement, restriction, encumbrance, adverse interest, trust, constructive trust, attachment, claim, restriction on transfer or any exception to or defect in title or other ownership interest (including but not limited to reservations, rights of way, possibilities of reverter, encroachments, easements, rights of entry, restrictive covenants, leases and licenses).

"Equipment" shall mean all electronic devices, trunk and distribution  
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coaxial and optical fiber cable, amplifiers, power supplies, conduit, vaults and pedestals, grounding and pole hardware, subscribers' devices (including converters, encoders, transformers behind television sets and fittings) headend hardware (including origination, earth stations, transmission and distribution systems), test equipment, vehicles and all other tangible personal property owned, used or held for use by the Company as described on Schedule 4.16.  
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"Equivalent Basic Subscribers" shall mean as of the date of  
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determination, (i) the number of residential households that subscribe to basic cable (exclusive of secondary outlets and courtesy accounts) which pay the standard rate for basic cable in the Systems without discount, each of which has paid in full without discount at least one monthly bill generated in the ordinary course of business, none of which is pending disconnection for any reason, and none of which is, as of the date of determination, delinquent in payment for services for more than 60 days (provided, that a customer's account shall not be considered past due as a result of unpaid amounts not exceeding \$5.00 in the more than 60 days aging category); plus (ii) the number of  
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equivalent bulk subscribers (determined by dividing the aggregate dollar monthly amount collected from bulk/commercial accounts for basic and expanded cable in the Systems by the average monthly rate for both basic and expanded basic cable in effect in the Systems), each of which has paid in full without discount at least one monthly bill generated in the ordinary course of business, none of which is pending disconnection for any reason, and none of which is, as of the date of determination, delinquent in payment for services for more than 60 days (provided that a customer's account shall not be considered past due as a result of unpaid amounts not exceeding \$5.00 in the more than 60 days aging category); provided that there shall be excluded from the definition of Equivalent Basic  
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Subscribers any subscriber which has been obtained within the twelve month period prior to Closing by offers made, promotions conducted or discounts given outside the ordinary course of business or any subscriber who comes within the definition of Equivalent Basic Subscribers because its account has been compromised or written off within the twelve month period prior to Closing, other than in the ordinary course of business consistent with past practice for reasons such as service interruptions, but not for the purpose of making it qualify as an Equivalent Basic Subscriber.

"Escrow Agent" shall mean The Chase Manhattan Bank.  
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"Escrow Agreement" shall mean the Escrow Agreement, to be entered into among Buyer, Sellers and the Escrow Agent at the Closing, in the form annexed hereto as Exhibit A.  
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"ERISA" shall mean The Employee Retirement Income Security Act of 1974, as amended.  
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"Excluded Assets" shall have the meaning set forth in Section 6.17.  
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"Excluded Assets Tax Liability" shall have the meaning set forth in Section 2.5.  
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"Excluded Assets Tax Schedule" shall have the meaning set forth in Section 2.5.  
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"FCC" shall mean the Federal Communications Commission.  
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"Final Adjustments Certificate" shall have the meaning set forth in Section 2.8.  
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"Financial Statements" shall have the meaning set forth in Section 4.10A.  
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"First Right" shall have the meaning set forth in Schedule 4.7.  
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"Forms 394" shall have the meaning set forth in Section 6.10.  
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"Franchise Areas" shall mean those areas in which the Company is authorized under one or more Governmental Permits issued by the applicable franchising or licensing authorities to provide cable television service to subscribers located in such areas through the ownership and operation of the Systems, as set forth on Schedule 1.1.  
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"GAAP" shall mean generally accepted accounting principles as in effect in the United States of America, consistently applied.  
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"Governmental Authority" shall mean any of the following: (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); and (c) any agency, authority or instrumentality of any of the foregoing, including any court, tribunal, department, bureau, commission, board, arbitrator or panel of arbitrators.  
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"Governmental Permits" shall mean all franchises, authorizations,

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permits, licenses, easements, registrations, leases, variances and similar rights obtained from any Governmental Authority which authorize or are issued to the Company or are required in connection with the operation of the Business, as set forth on Schedule 4.17.

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"Hazardous Substance" shall have the meaning set forth in Section

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4.19.

"HSR Act" shall have the meaning set forth in Section 6.5.

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"Information" shall have the meaning set forth in Section 6.14.

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"Initial Adjustments Certificate" shall have the meaning set forth in

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Section 2.8.

"Intangibles" shall mean all general intangibles, including but not

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limited to subscriber lists, claims (excluding any claims relating to Excluded Assets), patents, copyrights and goodwill, if any, owned, used or held for use by the Company.

"Kara" shall have the meaning set forth in the preamble to this

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Agreement.

"Launch Support Payments" shall have the meaning set forth in Section

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2.6.

"Launch Support Payment Adjustment" shall have the meaning set forth

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in Section 2.6.

"Legal Requirement" shall mean any statute, ordinance, code, law,

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rule, regulation, order or other requirement, standard or procedure enacted, adopted or applied by any Governmental Authority, including but not limited to judicial decisions applying common law or interpreting any other Legal Requirement.

"Liabilities" shall have the meaning set forth in Section 2.4.

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"Midco" shall have the meaning set forth in Section 6.19.

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"Monthly Financial Statements" shall have the meaning set forth in

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Section 6.13.

"Permitted Encumbrances" shall mean the following: (a) liens for

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taxes, assessments and governmental charges not yet due and payable; (b) zoning laws and ordinances and similar Legal Requirements; (c) rights reserved to any Governmental Authority to regulate the affected property; (d) as to leased Real Property, interests of lessors and Encumbrances affecting the interests of the lessors; and (e) the Encumbrances imposed by the Governmental Permits listed on Schedule 4.17.

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"Person" shall mean any natural person, corporation, partnership,

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trust, unincorporated organization, association, limited liability company, Governmental Authority or other entity.

"Phantom Equity Agreement" shall have the meaning set forth in the

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definition of Phantom Equity Interests.

"Phantom Equity Interests" shall mean the interests in the Company

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held by Abbott Company ("Abbott Co.") and the payments payable to Abbott Co. pursuant to that certain Phantom Equity Amendment to Management Agreement dated November 15, 1989 among the Company, the Sellers, and Abbott Co., as amended by that certain First Amendment to Phantom Equity Amendment to Management Agreement (the "Phantom Equity Agreement").

"Preliminary Title Report" shall mean a commitment for an ALTA

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1987/1992 owner's policy for title insurance with respect to the land owned by the Company committing such title company to insure good and marketable title to said land, free and clear of all Encumbrances (other than Permitted Encumbrances).

"Purchase Price" shall mean the sum to be paid by Buyer for the Shares

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in the amount of Sixteen Million Five Hundred Thousand Dollars (\$16,500,000), as adjusted in accordance with the terms hereof.

"Rate Regulation Rules" shall mean the FCC rules currently in effect

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implementing the cable television rate regulation provisions of the Communications Act.

"Real Property" shall mean all Assets consisting of interests in real

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property (including but not limited to, to the extent applicable, improvements, fixtures and appurtenances), including both fee and leasehold interests, as set forth on Schedule 4.9.

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"Required Consents" shall mean the Consents designated as such on

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Schedule 4.7.

"Required Subscribers" shall mean (i) 14,450, if the Closing Date

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occurs in the month of June, 1999; (ii) 14,400, if the Closing Date occurs in the month of July, 1999; (iii) 14,300, if the Closing Date occurs in the month of August, 1999; (iv) 14,350 if the Closing Date occurs in the month of September, 1999, and (v) 14,400, if the Closing Date occurs after September, 1999.

"Retained Escrow Amount" shall have the meaning set forth on Schedule

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4.7.

"Sellers" shall have the meaning set forth in the preamble to this

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Agreement.

"Shares" shall have the meaning set forth in the recitals to this

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Agreement.

"Study" shall mean a Phase I environmental study, including an

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asbestos survey, of all Real Property owned by the Company.

"Subscriber Adjustment" shall have the meaning set forth in Section

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2.3.

"Systems" shall mean the cable television reception and broadband

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distribution systems operated in the conduct of the Business, consisting of one or more headends, subscriber

drops and associated electronic and other equipment which are, or are capable of being, operated as an independent system without interconnection with other systems, and which provide cable television service and related services to the respective Franchise Areas.

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

"Taxes" or "Tax" shall mean all taxes, charges, fees, liens, levies,  
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charges, imposts, duties, withholdings or other assessments, including, without limitation, income, withholding, capital, excise, employment, occupancy, property, ad valorem, sales, transfer, recording, documentary, registration, motor vehicle, franchise, use and gross receipts taxes, imposed by the United States or any state, county, local or foreign government or any subdivision thereof. Such term shall also include any interest, penalties, fines or additions attributable to such assessments.

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

"Transaction Documents" shall mean this Agreement, together with the  
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Schedules and Exhibits hereto, and each other instrument, document, certificate and agreement required or contemplated to be executed and delivered hereunder and thereunder.

"Transfers" shall have the meaning set forth in Section 2.5.  
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"Trust" shall have the meaning set forth in the preamble to this  
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Agreement.

"Working Capital Adjustment" shall have the meaning set forth in  
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Section 2.4.

"Year 2000 Compliant" means that the Systems and their components,  
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will operate accurately and in the manner intended, including, without limitation, with respect to the accurate processing of date/time data (including, but not limited to, calculating, comparing and sequencing), from, into and between the twentieth and twenty-first centuries, and the years 1999 and 2000 and leap year calculations.

## ARTICLE II SALE AND PURCHASE OF SHARES

2.1 Sale and Purchase of Shares. Subject to the terms and conditions  
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hereof on the Closing Date, Sellers agree to sell, transfer, convey, assign and deliver to Buyer, and Buyer agrees to purchase, good title, free and clear of Encumbrances, to the Shares, in consideration of the payment by Buyer to the Sellers of the Purchase Price.

2.2 Payment of Purchase Price. The Purchase Price to be paid for the

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Shares shall, subject to the terms and conditions contained herein, be paid by Buyer as follows:

On the Closing Date, the Purchase Price, plus or minus the Working Capital Adjustment, minus the Excluded Assets Tax Liability, minus the Subscriber Adjustment, if any, minus the Launch Support Payment Adjustment, if any, minus the Retained Escrow Amount, if any, and plus or minus any other adjustments to be made as of the Closing Date pursuant to this Agreement shall be paid by Buyer to Sellers by wire transfer in clearinghouse funds available and credited to an account or accounts of Sellers pursuant to the wire instructions to be delivered by Sellers to Buyer no later than three (3) Business Days prior to the Closing Date, and the Retained Escrow Amount, if any, shall be paid by Buyer to the Escrow Agent by wire transfer in clearinghouse funds. The Purchase Price shall be allocated among the Sellers as set forth on Schedule 2.2 hereto.

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2.3 Subscriber Adjustment. The Purchase Price shall be decreased by the

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amount, if any, equal to the product of (i) \$1,500 multiplied by (ii) the number by which the Equivalent Basic Subscribers as of the Closing Date is less than the Required Subscribers (the "Subscriber Adjustment"). For purposes of this Agreement, the number of Equivalent Basic Subscribers as of the Closing Date shall be determined by the quotient of (i) the sum of the Equivalent Basic Subscribers as of the end of each calendar month in 1999 preceding the month in which the Closing occurs divided by (ii) the number of calendar months in 1999 preceding the month in which the Closing occurs.

2.4 Working Capital Adjustment. The Purchase Price shall be (i)

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increased by the amount by which the Current Assets of the Company as of the Closing Date exceed the Liabilities of the Company as of the Closing Date or (ii) decreased by the amount by which the Liabilities of the Company as of the Closing Date exceed the Current Assets of the Company as of the Closing Date, in each case determined in accordance with GAAP (the "Working Capital Adjustment").

For purposes of the Agreement, "Current Assets" shall mean:

(a) Cash and cash equivalents;

(b) Prepaid expenses relating to the Assets and the operation of the Business;

(c) An amount equal to the sum of (i) 100% of the face amount of Accounts Receivable which have been outstanding for no more than 30 days as of the Closing Date; (ii) 90% of the face amount of Accounts Receivable which have been outstanding for more than 30 days but no more than 60 days as of the Closing Date and (iii) 0% of the face amount of Accounts Receivable which have been outstanding more than 60 days as of the Closing Date. For purposes of determining the amount of time an Account Receivable has been "outstanding", the monthly billing statements of the Business shall be deemed to be due and payable on the first day of the month during which the service for which such billing statements relate is provided.

"Liabilities" shall mean all liabilities or obligations (direct or indirect, absolute, fixed, contingent or otherwise) of the Company as of the Closing Date, including, but not limited to,

accounts payable, accrued liabilities, accrued expenses, prepaid income, debt, customer deposits and prepayments and Taxes (including Taxes relating to or otherwise arising out of transfers or distributions of Excluded Assets, to the extent that the Purchase Price has not been reduced under Section 2.5 on account of such Taxes).

2.5 Excluded Assets Tax Adjustment. The Purchase Price shall be

reduced by the amount of Taxes and liabilities for Taxes incurred by the Company in connection with sales and other transfers at or prior to the Closing (collectively the "Transfers") of Excluded Assets (the "Excluded Assets Tax Liability"), other than the actual amount of Taxes directly paid by Sellers prior to the Closing Date with respect to Transfers of Excluded Assets. The Excluded Assets Tax Liability shall equal the excess of (i) the Company's aggregate liability for Taxes for its short taxable year which ends on or immediately prior to the Closing Date (the "Closing Period Subchapter S Year"), over (ii) the aggregate amount of liability for Taxes to which the Company would have been subject for the Closing Period Subchapter S Year had the Company not Transferred any Excluded Assets during that period.

Within 15 business days prior to the Closing and together with the Initial Adjustment Certificate referred to in Section 2.8A, Sellers shall deliver to Buyer a schedule (the "Company-Paid Tax Schedule") of all Taxes directly paid by the Company and/or Sellers with respect to transfers of Excluded Assets, accompanied by receipts or other supporting documentation.

2.6 Launch Support Payment Adjustment. The Purchase Price shall be

decreased payments ("Launch Support Payments") received by Sellers or the Company as an inducement to the Company to enter into any programming contracts divided by (2) the total number of months that the applicable programming is required to be offered pursuant to a programming contract, multiplied by (ii) the number of months after the Closing that the applicable programming is required to be offered (the "Launch Support Payment Adjustment").

2.7 Further Adjustment. The Purchase Price may be increased subject to

and in accordance with the terms and conditions set forth on Schedule 2.7.

2.8 Adjustments Procedure

A. The Initial Adjustment Certificate. No later than fifteen (15)

Business Days prior to the Closing Date, Sellers shall deliver to Buyer Sellers' Certificate estimated as of the Closing Date ("Initial Adjustment Certificate") setting forth the number and calculation of Equivalent Basic Subscribers and all adjustments including the Subscriber Adjustment, if any, Working Capital Adjustment, the Excluded Assets Tax Liability and the Launch Support Payment Adjustment, proposed to be made at the Closing as of the Closing Date. Prior to Closing, Sellers shall provide Buyer with copies of all books and records as Buyer may reasonably request for purposes of verifying the Initial Adjustment Certificate and shall consult with Buyer's accountants and other representatives, but without limiting Sellers' obligations hereunder to certify the Initial Adjustment Certificate.

At the Closing, all adjustments will be made on the basis of the Initial Adjustment Certificate, provided Buyer has not given notice to Sellers that, in Buyer's opinion, any of the proposed adjustments are materially incorrect. If Buyer gives notice that, in its opinion, any of the proposed adjustments are materially incorrect, and if the parties have not been able to resolve the matter prior to the Closing Date, any disputed amounts shall be paid by the party to be charged with a disputed adjustment, into escrow, and shall be held by the Escrow Agent in accordance with the Escrow Agreement until the Closing Adjustments are finally determined pursuant to Section 2.8B, at which time Sellers and Buyer shall deliver a joint written notice to the Escrow Agent setting forth appropriate instructions as to the disposition from escrow of such disputed amounts deposited thereunder, in accordance with the Escrow Agreement.

B. Trueup of Adjustments. As soon as practicable after the Closing

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Date, and in any event within one hundred twenty (120) days after the Closing Date, Buyer shall deliver to Sellers a final calculation calculated as of the Closing Date, of all adjustments to be made as of the Closing Date including the Subscriber Adjustment, if any, the Working Capital Adjustment, and the Excluded Assets Tax Liability and the Launch Support Payment Adjustment, together with such supporting documentation as Sellers may reasonably request, (the "Final Adjustment Certificate"), which shall evidence in reasonable detail the nature and extent of each calculation. The Final Adjustment Certificate shall be final and conclusive unless objected to by Sellers in writing within thirty (30) days after delivery. Any such objection shall state, in reasonable detail, the nature of the objection. Sellers and Buyer shall attempt jointly to reach agreement as to the amount of all adjustments within forty-five (45) days after receipt by Buyer of such written objection by Sellers, which agreement, if achieved, shall be binding upon the parties to this Agreement and not subject to dispute or review. If Sellers and Buyer cannot reach agreement as to the amount of the closing adjustments within such forty-five (45) day period, Sellers and Buyer agree to submit promptly any disputed adjustment to Ernst & Young, or, if such firm is unable or unwilling to so act, such other nationally recognized independent public accounting firm as shall be agreed by Sellers and Buyer. Such firm shall render a decision resolving the disputed matters within sixty (60) days following submission thereto (or as soon thereafter as reasonably practicable). The determination of such firm shall be final and binding upon the parties and not subject to dispute or review. The fees and expenses of such firm shall be paid one-half by Sellers and one-half by Buyer. Any amounts due Buyer or Sellers for closing adjustments shall be paid by the party owing such amount (or, to the extent disputed amounts are held by the Escrow Agent, shall be paid by the Escrow Agent pursuant to joint written instructions of Buyer and Sellers in accordance with such final resolution) not later than five (5) Business Days after such amounts shall have become final and conclusive.

2.9 Expenses; Sales and Transfer Taxes. Whether or not the transactions

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contemplated by this Agreement shall be consummated, Sellers and Buyer shall pay their own expenses (including, without limitation, attorneys and accountants fees and disbursements) incident to this Agreement and the transactions contemplated hereby. Notwithstanding the foregoing, Sellers shall bear and pay all transfer, sales, purchase, use or similar taxes arising out of the transactions contemplated by this Agreement and any filing or recording or similar fees payable in connection with any instruments contained herein.

ARTICLE III  
CLOSING DATE;  
CERTAIN TRANSACTIONS TO BE EFFECTED AT CLOSING

3.1 Closing Date. Subject to the satisfaction or waiver of all  
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conditions to Closing set forth in this Agreement, the Closing will be held on a date designated by Buyer by written notice to Sellers, which date shall be not more than 15 Business Days after all of the conditions to Closing contained in this Agreement (other than those acts to be performed at the Closing) shall have been satisfied or waived (the "Closing Date") provided, that if Buyer fails to deliver such notice to Sellers, the Closing Date shall be on the fifteenth Business Day after all conditions to Closing contained in this Agreement (other than those acts to be performed at the Closing) shall have been satisfied or waived. The Closing shall occur at 10:00 A.M. eastern standard time on the Closing Date established in accordance with this Agreement, at the offices of Cooperman Levitt Winikoff Lester & Newman, P.C., 800 Third Avenue, New York, New York 10022. The Closing shall be effective as of 12:01 a.m. on the Closing Date.

3.2 Certain Transactions to be Effected at Closing. Subject in each  
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case to the terms and conditions contained in this Agreement, the following steps shall be taken concurrently at the Closing, except as otherwise expressly stated:

A. Sellers shall execute and/or deliver, or cause to be executed and/or delivered, to Buyer the following:

(i) Certificates in negotiable form, with signatures guaranteed by a commercial bank, representing all of the Shares;

(ii) The favorable opinions dated as of the Closing Date as set forth in Section 7.8 hereof;

(iii) The resignations of all officers and directors of the Company effective as of the Closing Date;

(iv) Sellers' Certificate as to the fulfillment of the conditions set forth in Sections 7.2, 7.3, 7.4, 7.5 and 7.9;

(v) A Title Insurance binder from a responsible title insurance company of a policy committing to insure without material exception as to the title of each parcel of owned Real Property;

(vi) A certificate as of a recent date from the appropriate office of the states of Minnesota, South Dakota, Iowa and of each other jurisdiction in which the Company is qualified to do business, as to the due formation or qualification and the good standing of the Company;

(vii) The Escrow Agreement duly executed by Sellers;

(viii) Such further instruments and documents and do such other acts and things as may be required or as Buyer may reasonably request in order to effectuate the transactions contemplated by this Agreement.

B. At the Closing, Buyer shall execute and/or deliver, or cause to be executed and/or delivered, to Sellers the following:

(i) By wire transfer, the Purchase Price plus or minus any amount as necessary to reflect adjustments thereto as set forth in Section 2.2;

(ii) The favorable opinion dated as of the Closing Date as set forth in Section 8.5 hereof;

(iii) Buyer's certificate as to the fulfillment of the conditions set forth in Sections 8.2, 8.3 and 8.4;

(iv) Resolutions of a manager of Buyer duly authorizing the execution, delivery and performance of this Agreement;

(v) The Escrow Agreement duly executed by Buyer; and

(vi) Such further instruments and documents and do such other acts and things as may be required or as Sellers may reasonably request in order to effectuate the transactions contemplated by this Agreement.

ARTICLE IV  
REPRESENTATIONS AND WARRANTIES OF SELLERS

Sellers, jointly and severally, hereby represent and warrant to Buyer, which representations and warranties, together with all other representations and warranties of Sellers in this Agreement, shall be true and correct as of the Closing Date as if expressly restated on said date.

4.1 Organization and Qualification. The Company is a corporation, duly

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organized, validly existing and in good standing under the laws of the State of Minnesota. The Company 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. The Company is duly qualified or licensed to do business and is in good standing under the laws of South Dakota and Iowa and in each other jurisdiction where the Assets owned by the Company are located or the Business of the Company is conducted, except any such jurisdiction where the failure to be so qualified or licensed and in good standing would not have a material adverse effect on any of the Company, the Assets, the System or the Business, on the validity, binding effect or enforceability of this Agreement and each other Transaction Document to which it is a party, or on the ability of Sellers to perform their obligations under this Agreement and each other Transaction Document to which they are a party.



4.2 Business of the Company. Since October 1, 1995, the Company has not

conducted the Business through, and at Closing none of the Assets will be held or owned by, any subsidiary, Affiliate or other entities. At the Closing the Company will have no subsidiaries.

4.3 Articles and By-laws. Sellers have heretofore delivered to Buyer true

and accurate copies of the Company's Certificate of Incorporation and all amendments thereto, certified by the Secretary of State of Minnesota on March 25, 1999, and the by-laws of the Company certified by the Secretary of the Company, neither of which have since been changed, modified or recinded.

4.4 Capitalization of the Company. The authorized capital stock of the

Company consists of 1,000 shares of common stock, par value of \$0.10 per share, 80 of which are issued and outstanding. Sellers own, and the Shares represent, all of the issued and outstanding shares of the Company. All of the issued and outstanding shares of the Company are validly issued, fully paid and non-assessable. Except as set forth above and except for the Phantom Equity Interests, there are no outstanding: (a) securities convertible into or exchangeable for the Company's capital stock; (b) options, warrants or other rights to purchase or subscribe to capital stock of the Company; or (c) contracts, commitments, agreements, understandings or arrangements of any kind relating to the issuance of the shares of the Company, any such convertible or exchangeable securities or any such options, warrants or rights.

4.5 Sellers' Authority. (a) Sellers represent and warrant that (i) they

are the owners of the Shares; (ii) all of the Shares are duly authorized, fully paid and non-assessable; (iii) there are no options, warrants or commitments relating to the Shares except for the Phantom Equity Interests; and (iv) there are no contracts, commitments, agreements, arrangements, understandings or restrictions to which any Seller is a party, or by which any Seller is bound, relating to any of the Shares except for the Phantom Equity Agreement. Sellers further represent and warrant that Sellers have no option, warrant or other right to acquire additional shares of the Company, and that all of the Shares are owned and held by Sellers free and clear of any Encumbrance. Sellers further represent and warrant that upon consummation of the transactions contemplated by this Agreement, Buyer will receive good and marketable title to the Shares.

(b) Sellers further represent and warrant that Kara and Charles have the right and capacity to execute, deliver and perform this Agreement, and the transactions contemplated hereby constitute their valid and binding agreement, enforceable against them in accordance with the terms hereof.

(c) Sellers further represent and warrant that James Abbott is the only trustee under the Trust required to execute this Agreement; that James Abbott has the full power and due authority to execute and deliver this Agreement and to consummate the transactions contemplated hereby on behalf of the Trust. Upon the signing and delivery of this Agreement, this Agreement will be legally binding upon the Trust enforceable against the Trust in accordance with all of its terms and provisions.

4.6 Authority and Validity. Sellers have full power and authority to  
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execute and deliver this Agreement and each other Transaction Document to which they are a party and to consummate the transactions contemplated by this Agreement and each other Transaction Document to which they are a party. The execution and delivery of this Agreement and each other Transaction Document, and the consummation of the transactions contemplated by this Agreement and each other Transaction Document by Sellers have been duly and validly authorized by all necessary action on the part of Sellers. This Agreement has been, and each of the other Transaction Documents to which Sellers are a party will be on or prior to the Closing, duly and validly executed and delivered by Sellers and constitutes, and this Agreement and each of the other Transaction Documents to which they are a party will constitute, on or prior to the Closing, a valid and binding obligation of Sellers, enforceable against each of the Sellers in accordance with their respective terms.

4.7 Consents and Approvals: No Violation.  
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A. Except for (i) the Consents and (ii) filings, waivers, approvals, actions, authorizations, qualifications and consents which, if not made or obtained, would not, individually or in the aggregate, have a material adverse effect on any of the Company, the Assets, the Systems, the Business, Sellers ability to perform their obligations under this Agreement or any of the other Transaction Documents to which they are a party or, to the best of Sellers' knowledge, Buyer's ability to cause the Company to conduct the Business after the Closing in substantially the same manner in which it is currently conducted by the Company, no consent, waiver, approval, action or authorization of, or filing, registration or qualification with, any Governmental Authority is required to be made or obtained by any of the Sellers or the Company in connection with the execution, delivery and performance by Sellers of this Agreement or any of the other Transaction Documents to which they are a party.

B. Except for the Consents and the matters covered by the exceptions in clause (ii) of Section 4.7A, the execution, delivery and performance of the  
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Transaction Documents by Sellers do not and will not: (i) violate or conflict with any provision of the Will dated June 3, 1982 of Roger E. Zylstra (the "Will") or the trusts created thereunder, or the Company's certificate of incorporation or by-laws; (ii) violate any Legal Requirement; or (iii) (A) violate, conflict with, or constitute a breach of or default under (without regard to requirements of notice, passage of time or elections of any Person), (B) permit or result in the termination, suspension or modification of, (C) result in the acceleration of (or give any Person the right to accelerate) the performance of Sellers or the Company under, or (D) result in the creation or imposition of any Encumbrance under, any Contract or any other instrument evidencing any of the Assets or any instrument or other agreement to which Sellers or the Company are a party or by which Sellers or the Company or any of the Assets are bound or affected, except such violations, conflicts, breaches, defaults, terminations, suspensions, modifications, and accelerations referenced in clauses (ii) and (iii) above which would not, individually or in the aggregate, have a material adverse effect on any of the Company, the Assets, the Systems, the Business, or Sellers' ability to perform its obligations under the Transaction Documents to which they are a party or, to the best of Sellers' knowledge, Buyer's ability to cause the Company to conduct the Business after the Closing in substantially the same manner in which it is currently conducted by the Company.

4.8 Title.

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A. At Closing, the Assets will be free and clear of any Encumbrances, except Permitted Encumbrances. Except as set forth on Schedule 4.8, the Company has not signed any Uniform Commercial Code financing statement or any security agreement or mortgage or similar agreement authorizing any Person to file any financing statement or claim any security interest or lien with respect to any of the Assets. Except as set forth on Schedule 4.8, the Company owns all

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tangible personal properties which are necessary to permit the operation of the Systems by Buyer in substantially the same manner as currently operated and all such properties are included within the Assets free and clear of all Encumbrances.

B. At the Closing the Company will have no properties or assets other than the Assets used or held for use in the Business, and the Assets include all Equipment, Contracts, Governmental Permits and other property and assets necessary for the conduct of the Business in the ordinary course of business in substantially the same manner as conducted prior to the Closing Date.

4.9 Real Property. Schedule 4.9 sets forth a list and description of all

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Real Property owned, leased, occupied or used by the Company, and is true, complete and accurate in all material respects. The Company has, or will have at Closing, title in fee simple, or shall hold the leasehold interests in the case of leaseholds, to all Real Property including Real Property hereafter acquired, in each case free and clear of any Encumbrances, except for Permitted Encumbrances. At the Closing, the Company shall have (i) good and marketable fee simple title to all owned Real Property free and clear of any and all Encumbrances (except for Permitted Encumbrances), and (ii) its leasehold interests in and to all leased Real Property free and clear of any and all Encumbrances (except for Permitted Encumbrances). There are not pending or, to the best of Sellers' knowledge, threatened, any condemnation actions or special assessments or any pending proceedings for changes in the zoning with respect to such Real Property or any part thereof and neither Sellers nor the Company has received any notice of the desire of any public authority or other entity to take or use any Real Property or any part thereof. All structures on the Real Property are structurally sound and in good operating condition and repair (reasonable wear and tear excepted). Each parcel of Real Property has access (either direct or by an easement included among the Assets) to all public roads, utilities, and other services necessary for the operation of the relevant System with respect to such parcel. The Company has complied 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. All leases and subleases pursuant to which any of the Real Property is occupied or used are set forth on Schedule 4.9 and such leases and subleases are valid, subsisting,

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binding and enforceable in accordance with their respective terms and there are no existing defaults thereunder or events that with notice or lapse of time or both would constitute defaults thereunder. The Company has not nor, to the best of Sellers' knowledge, has any other party to any contract, lease or sublease relating to any Real Property given or received notice of termination, and, to the best of Sellers' knowledge, subject to the receipt of any necessary Consents, the consummation of the transactions contemplated by this Agreement will not result in any such termination. The Company is not nor will it be, as a result of the transactions contemplated by this Agreement, with the giving of notice or the passage of time or both, in breach of any provision of any contract, lease or sublease relating to any Real Property. All easements, rights-of-way and other rights which are

necessary for the Company's current use of any Real Property are valid and in full force and effect, and neither Sellers nor the Company has received any notice with respect to the termination or breach of any of such easements, rights-of-way or other similar rights.

#### 4.10 Financial Statements.

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A. Sellers have delivered to Buyer correct and complete copies of the Company's (i) audited balance sheets and related statements of income, changes in stockholder's equity and statements of cash flows for the years ended December 31, 1997 and December 31, 1998, including the detail supporting such financial statements and (ii) unaudited balance sheets and related statements of operations, for the three-month period ended March 31, 1999, including the detail supporting such financial statements (collectively, the "Financial Statements"). The Financial Statements (i) have been prepared in accordance with the books and records of the Company and (ii) fairly present the financial condition and the results of operations and cash flows of the Company as of and for the respective periods ended on such dates, all in conformity with GAAP consistently applied throughout such periods, with no material difference between such financial statements and the financial records maintained by the Company. Sellers have delivered to Buyer correct and complete copies of all material filings made to Governmental Authorities with respect to the Systems for the years 1996, 1997, 1998 and 1999 to date.

B. Since December 31, 1998, (i) the Business has been operated only in the ordinary course; (ii) except as disclosed on Schedule 4.29, there has been no

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material adverse change in, and no event has occurred which, individually or in the aggregate, could result in any material adverse change in the business, operations, prospects, financial condition, or results of operations of the Business, other than changes affecting the United States economy in general or the cable television industry in general; (iii) other than the transfer of the Excluded Assets, there has been no sale, assignment or transfer of any material assets or properties related to the Systems, or any theft, damage, removal of property, destruction or casualty loss which might be expected to materially adversely affect the Company, the Business or the Systems; (iv) there has been no amendment or termination of any Governmental Permit or any Contract material to the conduct of the Business; (v) there has been no waiver or release of any right or claim of the Company against any third party; (vi) there has been no material labor dispute or union activity with respect to or by the Company's employees which affects the operation of the Systems; and (vii) there has been no agreement by the Company to take any of the actions described in the preceding clauses (i) through (vi), except as contemplated by this Agreement.

#### 4.11 Legal Proceedings. Except as set forth on Schedule 4.11, there is no

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judgment or order outstanding, or any action, suit, arbitration, proceeding, controversy or investigation by or before any Governmental Authority pending, or to the best of Sellers' knowledge, threatened, involving or affecting the Company, the Systems, the Assets or the Business, which, if adversely determined, would have a material adverse effect on the Company, the Systems, the Assets or the Business or would impair the ability of Sellers to perform their obligations under this Agreement or any of the other Transaction Documents to which they are a party. The Company is not in default or violation, and no event or condition exists which, with notice or lapse of time or both, could

become or result in a default under or a violation of, any judgment or order of any Governmental Authority.

4.12 Certain Employment and Employee Benefit Matters. The Company has no

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employees and all persons conducting the Business of the Company are employees of Abbott Co. (the "Employees") pursuant to that certain Management Agreement dated January 12, 1987 between Yankton Cable TV, Ltd., Canton Cable TV, Ltd., Vermillion Cable TV, Ltd., the Company and Abbott Co. Accordingly, the Company has no, and no action or event has occurred that would cause the Company to have any, liabilities under ERISA or similar laws with respect to employee benefit plans of the Company regarding employees of the Business. There are no unions representing Employees and no labor disputes pending between the Company and any of the Employees. The Company and Abbott Co. have complied in all respects with all Legal Requirements relating to the employment of labor, including any provisions thereof relating to wages, hours, collective bargaining and the payment of social security and other Taxes, and the Company is not liable for any arrears of wages or any Taxes or penalties for failure to comply with any of the foregoing. Schedule 4.12 sets forth the names, job descriptions and present

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annual rates of compensation, including the length of time such Employee has been with Abbott Co., whether such Employee is full-time or part-time, any bonus or other direct or indirect compensation and employee benefits, of all personnel of Abbott Co., and any employment agreements, commitments, arrangements or understandings, written or oral, affecting such personnel. Sellers and Abbott Co. shall indemnify and hold the Company and Buyer harmless from and against any and all loss, cost, expense, liability and claims brought against the Company and/or Buyer by an Employee of Abbott Co. and/or an employee conducting the business of the Company as a result of such employment, an ERISA claim or otherwise.

4.13 Characteristics of the Systems.

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A. The Systems include (prior to the Yankton rebuild) approximately 279 but not more than 300 miles of energized cable plant, of which approximately 200 but not more than 215 miles are of underground construction, and includes approximately 21,000 "homes passed" by energized cable. As used herein "homes passed" shall mean a house or other residential unit that can be legally serviced by the Systems by using no more than 150 feet of drop cable. The average number of Equivalent Basic Subscribers for the four (4) months ended April 30, 1999 is not less than 14,571. There are no pending complaints by Equivalent Basic Subscribers or other users of the Systems, other than such complaints as are received from time to time in the ordinary course of business.

B. Schedule 4.13 sets forth accurately and completely the following  
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information as of February 28, 1999, with respect to the Systems:

- (1) a description of the Systems' physical plant, including with reasonable detail, headend trunk line and feeder cable, transmitting and receiving equipment and capacity and other electronic equipment;
- (2) an inventory of equipment and supplies on hand, including without limitation converters, accurate and complete in all material respects;

- (iii) the approximate number of Equivalent Basic Subscribers;
- (iv) a listing of all communities included within the Franchise Areas;
- (v) basic, pay, audio and ancillary services offered, all rates charged currently and for the prior three (3) years for each such service or package or tier of services and the number of subscribers to each such service or package or tier of services paying each such rate and all benchmark rates for the Systems;
- (vi) all broadcast and nonbroadcast programming carried by each System, the channel capacity of each System, the station or signals carried, with a breakdown as to each signal as between satellite and off-air reception, current channel and frequencies utilized (including Systems radius and designated coordinates reported to the FCC);
- (vii) installation charges, where applicable;
- (ix) a description in reasonable detail of all present marketing programs, policies and practices, the Company's past practices with respect to marketing programs, policies and practices, and programs and policies which are expected to be implemented prior to the Closing Date and all rate increases proposed to be implemented (including dates of implementation) prior to the Closing Date;
- (xii) a description of all present customer service policies, practices and procedures;
- (x) all FCC call signals and licenses, including, but not limited to, business radios, earth stations and microwave;
- (xi) a description of all repair, manufacturing, assembly and equipment enhancement activities engaged in by the Company;
- (xii) all retransmission agreements and must carry elections required in the operation of the Systems; and
- (xiii) detailed maps of the Systems.

4.14 Finders; Brokers and Advisors. Except for the engagement of Daniels & -----

Associates, with respect to which Sellers shall have sole responsibility for the payment of all amounts owed, neither Sellers nor the Company have 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 and Sellers have no knowledge of notice of any claim or basis for any claim for payment of, or any unpaid liability to any Person for any fees or commissions or like payments with respect to the negotiations leading to this Agreement or the consummation of any of the transactions contemplated by this Agreement.

4.15 Tax Matters.

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A. The Company has as of the date hereof, and will have as of the Closing Date, timely filed in proper form all Tax Returns and all other reports that are required to be filed as of the date hereof, or which are required to be filed on or before the Closing Date, as the case may be, and all such Tax Returns were prepared in good faith and are accurate and complete in all material respects, and, to the best of Sellers' knowledge, there is no basis for assessment of any addition to any Taxes shown thereon. Except as set forth on Schedule 4.15, all

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Taxes due or payable by the Company on or before the date hereof or the Closing Date, as the case may be, (including any Taxes, liabilities or amounts owing resulting from liability of the Company as the transferee of the assets of, or successor to, any other corporation or entity or resulting by reason of the Company having been a member of any group of corporations filing a consolidated, combined or unitary Tax Return) have been or will be timely paid, except to the extent any such Taxes (as set forth as of the date hereof on Schedule 4.15) are

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being contested in good faith by appropriate proceedings by the Company and for which adequate reserves for any disputed amounts shall have been established in accordance with GAAP. Except as set forth on Schedule 4.15, as of the date

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hereof, there has been no Tax examination, audit, proceeding or investigation of the Company, or with respect to the assets, the Systems or the Business, by any relevant Taxing Authority, and the Company does not have any outstanding Tax deficiency or assessment. Except as set forth on Schedule 4.15, there are no

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pending or, to the best of Sellers' knowledge, threatened actions, audits, examinations, proceedings or investigations by any relevant Taxing Authority with respect to the Company, the Assets, the Systems or the Business. There is no outstanding request for an extension of time within which to pay any Taxes with respect to the Company, the Assets, the Systems or the Business. There has been no waiver or extension of any applicable statute of limitations for the assessment or collection of any Taxes with respect to the Company, the Assets, the Systems or the Business. Abbott Co. has withheld and paid in a timely manner to all relevant Taxing Authorities all payments for withholding Taxes, unemployment insurance and other amounts required to be withheld and paid.

4.16 Equipment. Schedule 4.16 contains a list of all Equipment used or held

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for use by the Company in the operation of the Business. Except as set forth on Schedule 4.16, the Equipment is and will be at Closing in good operating

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condition and repair (reasonable wear and tear excepted) and fit for the purpose it is being used.

4.17 Governmental Permits; Contracts.

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A. Schedule 4.17 contains a complete list of all Governmental Permits and

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a complete list of all Contracts. Each Governmental Permit and Contract is in full force and effect, binding and enforceable in accordance with its terms, and is valid under and complies in all respects with all applicable Legal Requirements. Except as set forth on Schedule 4.17, the Company is the

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authorized legal holder of all Governmental Permits. Except as set forth on

Schedule 4.17, neither the Company nor to the best of Sellers' knowledge, any

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other party to any Governmental Permit or Contract is in default thereunder or has given or received notice of termination, cancellation, dispute or default or, to the best of Sellers' knowledge, has taken any action inconsistent with the continuance of any Governmental Permit or Contract. Except for Contracts shown as oral contracts

and described in all material respects on Schedule 4.17, true, correct and

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complete copies of each Governmental Permit and Contract have been delivered to Buyer and its representatives, and with respect to those Governmental Permits and Contracts executed after the date hereof, copies will be delivered to Buyer promptly following such execution and in any event prior to the Closing Date.

B. No approval, application, filing, registration, consent or other action of any Governmental Authority is required to enable the Company to take advantage of the rights and privileges intended to be conferred by any Governmental Permits, except for approvals, applications, filings, registrations, consents or other actions that (if not made or obtained) could not have an adverse effect on the Company. None of the Sellers nor the Company has received any notice from the granting Governmental Authority with respect to any breach of any covenant under, or any default with respect to, any Governmental Permits, which default has not been cured.

4.18 Insurance. The Company has in force policies of insurance with respect

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to the Company, the Assets and the Business and all bonds required to be obtained by the Company with respect to the Business, including without limitation all bonds required by Governmental Permits and Contracts, as set forth on Schedule 4.18. All insurance policies are adequate, in accordance with

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prevailing cable industry practices, to insure fully, less standard deductibles, against all risks to which the Company and the Assets are exposed in the operation and conduct of the Business. At no period of time did the Company lack any such insurance coverage. Schedule 4.18 is true, complete and accurate and

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the insurance policies and bonds referred to therein are in full force and effect (free from any right of termination on the part of the insurance carriers or bonding agencies), and neither Sellers nor the Company has received any notice of non-renewal or cancellation of such insurance policies or bonds. The Company will maintain such insurance policies and bonds in full force and effect up to and including the Closing Date, and will furnish Buyer evidence thereof. All claims, if any, made against the Company which are covered by insurance are listed on Schedule 4.18 and are being defended by the insurers. To the best of

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Sellers' knowledge, there is no basis upon which any insurance carriers may disclaim coverage under any of the insurance policies referred to on Schedule

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4.18.  
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4.19 Hazardous Substances and Environmental Matters. (i) The Real Property

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is free of all asbestos containing building materials susceptible to becoming airborne; (ii) there has been no reportable quantity of any Hazardous Substance on the Real Property which remains on the Real Property, except for such substances that are in such amounts (which are not of a reportable quantity under any applicable environmental laws) and of the type typically (A) found in commercial cleaning products or standard office supplies of businesses similar to the Business or (B) used by cable system operators in the operation and maintenance of vehicles, nor has any reportable quantity under applicable legal requirements of any Hazardous Substance been released into, on, over or under the Real Property; (iii) the Company is, and has been, in compliance with all Legal Requirements relating to the environment with respect to the Assets and the operation of the Business and the Systems; (iv) the Business is capable of continued operation in compliance with all Legal Requirements relating to the environment; (v) no Hazardous Substances have been treated, stored or disposed of on, under or in the Real Property, except for such substances that are in such amounts and of the type typically (A) found in commercial cleaning products or standard office supplies of businesses similar to the Business or (B) used by cable system operators in the operation



and maintenance of vehicles; and (vi) none of the Sellers nor the Company has received any notice from any Governmental Authority indicating that the Real Property or any real property adjacent thereto has been or may be placed on any federal or state "Superfund" or "Superlien" list. For these purposes, the term "Hazardous Substances" includes any substance heretofore or hereafter designated as "hazardous" or "toxic," including, without limitation, petroleum and petroleum related substances, or having characteristics identified as "hazardous" or "toxic" under any Legal Requirement including, without limitation, the Comprehensive Environmental Response Compensation and Liability Act of 1980, 42 U.S.C. Section 9601, et seq., the Resource Conservation and Recovery Act, 42 U.S.C. Section 6901, et seq., the Federal Water Pollution Control Act, 33 U.S.C. Section 1247, et seq., the Clean Air Act, 42 U.S.C. Section 2001, et seq., and the Community Right to Know Act, 42 U.S.C. Section 11001, et seq., all as amended.

4.20 Accounts Receivable. The Accounts Receivable have not been assigned to

or for the benefit of any other Person. The Accounts Receivable reflected in the Financial Statements and Monthly Financial Statements and all Accounts Receivable arising after the dates thereof up to and including the Closing Date (to the extent not heretofore or theretofore collected) arose and will arise from bona fide transactions in the ordinary course of business and the Accounts Receivable are, and will be, fully collectible, less allowance for doubtful accounts.

4.21 Systems Compliance.

A. The Company and the Systems are in compliance with all applicable Legal Requirements, including without limitation, the Communications Act, the Copyright Act, and the rules and regulations of the FCC and the United States Copyright Office, including, without limitation, rules and laws governing Systems registration, use of aeronautical frequencies and signal carriage, equal employment opportunity, cumulative leakage index testing and reporting, signal leakage, and subscriber privacy. Without limiting the generality of the foregoing and except as set forth in Schedule 4.21 hereto:

(i) the Franchises Areas have been registered with the FCC;

(ii) all of the annual performance tests on the Systems required under the rules and regulations of the FCC have been performed and the results of such tests demonstrate satisfactory compliance with the applicable requirements being tested in all material respects;

(iii) the Systems concurrently meet or exceed the technical standards set forth in the rules and regulations of the FCC, including, without limitation, the leakage limits contained in 47 C.F.R. Section 76.605(a) (11);

(iv) the Systems are being operated in compliance with the provisions of 47 C.F.R. Sections 76.610 through 76.619 (mid-band and super-band signal carriage), including 47 C.F.R. Section 76.611 (compliance with the cumulative signal leakage index);

(v) where required, appropriate authorizations from the FCC have been obtained for the use of all aeronautical frequencies in use in the Systems and the Systems are presently

being operated in compliance with such authorizations (and all required certificates, permits and clearances from governmental agencies, including the Federal Aviation Administration, with respect to all towers, earth stations, business radios and frequencies utilized and carried by the Systems have been obtained); and

(vi) all notices to subscribers of the Systems required by the rules and regulations of the FCC have been provided.

B. All notices, statements of account, supplements and other documents required under Section 111 of the Copyright Act and under the rules of the Copyright Office with respect to the carriage of off-air signals by the Systems have been properly completed and duly filed, and the proper amount of copyright fees have been paid on a timely basis, and the Systems qualify for the compulsory license under Section 111 of the Copyright Act.

C. The carriage of all television station signals (other than satellite super stations) by the Systems are permitted by valid retransmission consent agreements or by must-carry elections by broadcasters.

D. The Company is in compliance with its obligations with regard to protecting the privacy rights of any past or present customers of the Systems.

E. The Assets are adequate and sufficient for all of the current operations of such Systems.

F. Except as set forth on Schedule 4.29, the Systems are not subject to  
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effective competition as of the date hereof.

G. No Governmental Authority has notified the Company of its application to be certified to regulate rates with respect to the Systems as provided in 47 C.F.R. Section 76.910.

H. No Governmental Authority has notified the Company that it has been certified and has adopted regulations required to commence regulation with respect to the Systems as provided in 47 C.F.R. Section 76.910(c)(2).

I. Except to the extent that a Governmental Authority regulates rates pursuant to the Rate Regulation Rules, the Systems may continue to charge their current rates in compliance with the Communications Act and the Rate Regulation Rules.

J. The Systems are otherwise in material compliance with the Communication Act and the Rate Regulation Rules.

K. No reduction of rates or refunds to subscribers is required hereunder.

L. The Company is in compliance with its obligations under 47 C.F.R. Part 17 concerning the construction, marking and lighting of antenna structures used by the Company in connection with the operation of the Systems.

M. To the best of Sellers' knowledge, the Systems, including, without limitation, all computer hardware, software and embedded micro controllers in non-computer equipment involved in the Systems, are Year 2000 Compliant as of the date hereof; provided, however, that if any components of the Systems is not Year 2000 Compliant as of the date hereof the Company or the Sellers shall cause the Systems to be Year 2000 Compliant prior to the Closing Date. Sellers shall deliver to Buyer at the Closing evidence that the Systems are Year 2000 Compliant in the form of written confirmation from the appropriate manufacturer or services of the applicable Systems component.

4.22 Intangibles. The Company owns or possesses royalty free licenses or -----  
other rights to use all Intangibles necessary to the operation of the Business as presently conducted without any conflict with, or infringement of, the rights of others. There is no claim pending or, to the best of Sellers' knowledge, threatened with respect to any such Intangibles. Schedule 4.22 contains a true, -----  
correct and complete list of all Intangibles which are material to the operation of the Systems.

4.23 No Other Consents. The Company has obtained and is in compliance -----  
with all consents, approvals, authorizations, waivers, orders, licenses, certificates, permits and franchises from, and has made all filings with, any Governmental Authority and other Persons required for the operation of the Systems as presently operated, all of which are in full force and effect and enforceable in accordance with their respective terms and comply with all applicable Legal Requirements. Except as set forth on Schedule 4.23, no consent, -----  
authorization, approval, waiver, order, license, certificate or permit of or from or declaration or filing with any Governmental Authority or other Person is necessary to preclude any cancellation, suspension, termination or as reformation of any Governmental Permit or Contract.

4.24 No Undisclosed Liabilities. Except as and to the extent set forth on -----  
Schedule 4.24, the Company does not have any liability or obligation (direct or -----  
indirect, absolute, fixed, contingent or otherwise) which was not reflected or reserved on the Financial Statements or Monthly Financial Statements (including but not limited to liability for Taxes for periods prior to or as of the Closing Date), and the Company has not incurred any such liability or obligation since the last day of the last Monthly Financial Statement, other than in the ordinary course of business.

4.25 Liabilities to Subscribers. There are no obligations or liabilities to -----  
subscribers of the Systems except with respect to (i) prepayments or deposits made by such subscribers as set forth in the Financial Statements or Monthly Financial Statements or, since the last day of the Monthly Financial Statements incurred in the ordinary course of business consistent with past practices and (ii) the obligation to supply services to subscribers in the ordinary course of business in accordance with and pursuant to the terms of the Governmental Permits.

4.26 Restoration. No property of any Person has been damaged, destroyed, -----  
disturbed or removed in the process of construction or maintenance of the Systems, which has not been, or will

not be, prior to the Closing, repaired, restored or replaced, and as to which an adequate reserve has not been established by the Company.

4.27 Condition and Transfer of Tangible Property. The tangible personal

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property of the Company has been installed, operated and maintained in all respects in accordance with the requirements of (i) all applicable Governmental Permits and Contracts and (ii) technical standards and Legal Requirements of any Governmental Authority or regulatory authorities. The Systems are or shall be at Closing capable of delivering in the ordinary course of business to all subscribers cable television services (including a visual transmission) in compliance with all applicable Governmental Permit requirements.

4.28 Inventory. The Company has, and at the Closing will have, an inventory

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of spare parts and other materials relating to the Systems of the type and nature and maintained at a level consistent with past practices and otherwise in accordance with cable Systems industry practices.

4.29 Overbuilds. Except as set forth in Schedule 4.29, (i) no construction

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programs have been undertaken, or to Sellers' knowledge, are proposed or threatened to be undertaken, by any municipality or other cable television, multichannel multipoint distribution Systems or multipoint distribution Systems provider or operator in any Franchise Area served by the Systems; and (ii) no franchise or other application or request of any person is pending or to Sellers' knowledge, threatened or proposed which relates to, or which could adversely affect the Systems. Except as set forth on Schedule 4.29 the Company

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is not, nor is an Affiliate of the Company, a party to any agreement restricting the ability of a third party to operate cable television Systems in the Franchise Areas.

4.30 Certain Programming Arrangements and Relationships. Except as set forth

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on Schedule 4.30, the Company is not a party to any programming contract with  
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any Person providing for any exclusive arrangement with respect to the provision of programming to the Company or the Systems. Except as set forth on Schedule

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4.30, neither the Company nor any of its Affiliates has any affiliation with  
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(other than on a third party basis), equity interest in, profit participation in, contractual right to acquire any such interest or participation, or any other relationship with any Person that provides programming to the Systems. The Company has not entered into any arrangement with any community groups or similar third parties restricting or limiting the types of programming which may be shown on the Systems.

4.31 Indebtedness. The Company is not in default with respect to any term

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or condition of any instrument, agreement or arrangement pursuant to which any person has borrowed any money, incurred any indebtedness (including capitalized leases or as guarantor or surety) or established any line of credit which represents a liability (or contingent liability) of the Company.

4.32 Books and Records. All business records of the Company are complete in

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all material respects. The minute books of the Company contain a complete and accurate record of all meetings of its board of directors and shareholders. The books of account of the Company have been and are kept complete and current.

4.33 Banking Facilities. Schedule 4.33 attached hereto is a list of each

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bank and safety deposit facility in which the Company has an account or safety deposit box, and the names of all persons authorized to draw thereon or to have access thereto.

4.34 Powers of Attorney and Suretyships. Except as set forth in Schedule

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4.34 hereto, the Company has no presently effective powers of attorney, nor has  
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any obligation or liability, either actual, accrued, accruing or contingent, as guarantor, surety, cosigner, indorser, comaker, indemnitor or otherwise with respect to any obligation of any person, corporation, partnership, joint venture, association, organization or other entity.

4.35 No Agreements among Sellers and the Company. Except as set forth in

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Schedule 4.35 hereto, as of the date hereof, there exists no agreements, written  
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or oral, by and among the Sellers and the Company with respect to the Business, the Assets or otherwise.

4.36 Disclosure. No representation or warranty by Sellers contained in this

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Agreement (including the exhibits and schedules hereto), and no statement contained in any document, certificate or other instrument furnished to Buyer by or on behalf of Sellers pursuant hereto contains or will contain any untrue statement of a material fact or omits or will omit to state a material fact necessary in order to make the statements contained herein or therein not misleading. Except for matters affecting the cable television generally, there is no fact known to any of the Sellers which could materially adversely affect the Company, the Systems or the Assets which has not been set forth in the Agreement, or the Schedules attached hereto.

ARTICLE V  
REPRESENTATIONS AND WARRANTIES OF BUYER

Buyer hereby represents and warrants to Sellers as follows, which representations and warranties, together with all other representations and warranties of Buyer in this Agreement, shall be true and correct as of the Closing Date as if expressly restated on said date:

5.1 Organization and Qualification. Buyer is a limited liability company

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duly formed validly existing and in good standing under laws of the State of New York. Buyer 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 or licensed to do business and is in good standing under the laws of each jurisdiction where the assets owned by it are located and its business is conducted, except any such jurisdiction where the failure to be so qualified or licensed and in good standing would not have a material adverse effect on its ability to perform its obligations hereunder and consummate the transactions contemplated hereby.

5.2 Authority and Validity. Buyer has full power and authority to execute

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and deliver this Agreement and each other Transaction Document to which it is a party and to consummate the transactions contemplated by this Agreement and each other Transaction Document to which it is a party. The execution and delivery of this Agreement and each other Transaction Document to which Buyer is a party and the consummation of the transactions contemplated by this Agreement

and each other Transaction Document to which it is a party have been duly and validly authorized by all necessary action on the part of Buyer. This Agreement has been, and each of the other Transaction Documents to which Buyer is a party will be on or prior to the Closing, duly and validly executed and delivered by Buyer and constitutes, and this Agreement and each of the other Transaction Documents to which it is a party will constitute on or prior to the Closing, a valid and binding obligation of Buyer, enforceable against Buyer in accordance with their respective terms.

5.3 No Breach or Violation.  
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A. Except for (i) any consents that will be obtained or waived on or prior to the Closing Date, (ii) filings and consents which, if not made or obtained, would not have a material adverse effect on Buyer's ability to perform its obligations under this Agreement and (iii) any Required Consents to the transfer to Buyer of any of the Governmental Permits, no consent, waiver, approval or authorization of, or filing, registration or qualification with, any Governmental Authority is required to be made or obtained by Buyer in connection with the execution, delivery and performance of this Agreement or any of the other Transaction Documents to which it is a party.

B. Except with respect to any consents or filings covered by the exceptions in clauses (i)-(iii) of Section 5.3A, the execution, delivery and  
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performance of this Agreement and the other Transaction Documents to which Buyer is a party do not and will not: (i) violate or conflict with any provision of Buyer's operating agreement or articles of organization; (ii) violate any Legal Requirement; or (iii) violate, conflict with or constitute a breach of or default under (without regard to requirements of notice, passage of time or elections of any Person), any material contract, agreement, arrangement, commitment or plan to which Buyer is a party or by which Buyer or any of its assets is bound or affected, except such violations, conflicts, breaches, defaults, terminations, suspensions, modifications, and accelerations as would not, individually or in the aggregate, have a material adverse effect on Buyer's ability to perform its obligations under this Agreement.

5.4 Litigation.  
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A. There are no claims, actions, suits, proceedings or investigations pending or, to the best of Buyer's knowledge, threatened, in any court or before any Governmental Agency, or before any arbitrator, by or against or affecting or relating to Buyer or any of its Affiliates which, if adversely determined, would restrain or enjoin the consummation of the transactions contemplated by this Agreement and the other Transaction Documents to which Buyer is a party or declare unlawful the transactions or events contemplated by this Agreement and the other Transaction Documents to which Buyer is a party or cause any of such transactions to be rescinded.

B. There are no judgments, injunctions, orders or other judicial or administrative mandates outstanding against or affecting Buyer or any of its Affiliates which would hinder or delay the consummation of the transactions contemplated by this Agreement or the other Transaction Documents to which Buyer is a party.

5.5 Finders; Brokers and Advisors. Buyer has not employed any financial  
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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 and Buyer is not aware of any claim or basis for any claim for payment of, or any unpaid liability to any Person for any fees or commissions or like payments with respect to the negotiations leading to this Agreement or the consummation of any of the transactions contemplated by this Agreement, except with respect to the obligations of Sellers referred to in Section 4.14.

ARTICLE VI  
ADDITIONAL COVENANTS

6.1 Access to Premises and Records. Between the date of execution and  
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delivery of this Agreement and the Closing Date, Sellers will, and will cause the Company to, give Buyer and its representatives, during normal business hours and with reasonable prior notice, access to the books and records, contracts and commitments of the Company, the Business and to the Assets and will furnish to Buyer and its representatives such information regarding the Company, the Business and the Assets as Buyer may from time to time reasonably request. Without limiting the generality of the foregoing, Buyer shall have access to all documents information, books, records and employees necessary to permit Buyer to verify, to its reasonable satisfaction, the representations and warranties of the Sellers contained herein, including without limitation that (i) all offset frequencies relating to the Systems are in place, and (ii) the Systems is otherwise in compliance with all applicable Legal Requirements, in each case to the extent represented and warranted in Section 4.21, and Buyer shall be  
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permitted to conduct (if it so desires) a signal leakage rideout and follow up and such other tests as Buyer shall deem necessary to verify the foregoing. Sellers shall give Buyer prompt written notice of (i) any material adverse change in the condition of any of the Company, the Assets or the Systems or any material change in any of the information contained in the representations and warranties of Sellers or information otherwise furnished to Buyer which occurs after the date hereof and (ii) any claim, action, investigation or proceeding threatened in writing or initiated relating to any rate then being charged by the Company for any service provided by the Systems or the carriage of or failure to carry any television broadcast signal. During such period, Sellers and the Company shall consult with Buyer and keep Buyer fully informed at all times regarding any hearings or developments relating to any such claim, action, investigation or proceeding. No such furnishing of information to Buyer and no investigation by Buyer shall affect Buyer's right to rely on, or Sellers' liability with respect to, any representation or warranty made in this Agreement.

6.2 Continuity and Maintenance of Operations. Except as specifically  
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permitted or required by this Agreement or by any Legal Requirement, Sellers shall cause the Company to, and the Company shall:

A. Operate the Business in the ordinary course consistent with past practices, including without limitation, its billing, promotional and marketing practices and preserve any beneficial business relationships with customers, suppliers, employees, Governmental Authorities and others having business dealings with the Company relating to the Business;

B. Maintain the Assets, including the plant and Equipment related thereto, in good operating condition (normal wear and tear excepted), and implement any capital expenditures required in connection with such maintenance;

C. Maintain all bonds and casualty and liability insurance relating to the Systems as in effect on the date of this Agreement;

D. Keep all of its business books, records and files relating to the Systems in the ordinary course of business in accordance with past practices, and pay, consistent with past practices ( but in all events within 60 days), all accounts payable and other debts, liabilities and obligations relating to the Systems;

E. Continue to implement its procedures for disconnection and discontinuance of service to System subscribers whose accounts are delinquent in accordance with those in effect on the date of this Agreement;

F. Not sell, transfer or assign any Assets, other than the Excluded Assets or on an arms-length basis in the ordinary course of business consistent with past practices;

G. Not permit the amendment or cancellation of any of the Governmental Permits, Contracts or any other contract or agreement which materially affects or is applicable to the Systems or the Business;

H. Except as otherwise agreed by Buyer and Sellers, not enter into any contract or commitment for the acquisition of goods or services relating to the Systems or the Business, the performance of which will not be completed by the Closing Date or involving an expenditure in excess of \$5,000;

I. Not take or omit to take any action that would cause Sellers to be in breach of any of its representations or warranties in this Agreement;

J. Maintain inventories of equipment, cable and supplies at normal levels consistent with past practice and good industry standards;

K. Not increase the compensation or change any benefits available to director, officer or employees of the Company except as required pursuant to existing written agreements or except in the ordinary course of business consistent with past practice;

L. Report and write off Accounts Receivable in accordance with past practices;

M. Withhold and pay when due all Taxes relating to employees of the Business, the Assets, the Business and/or the Systems;

N. Not create, assume or permit to exist any Encumbrance (other than Permitted Encumbrances) on any of the Assets, other than those Encumbrances existing on the date hereof;



O. Maintain service quality of the Systems at a level at least consistent with past practices;

P. File with the FCC all reports required to be filed under applicable FCC rules and regulations, and otherwise comply with all Governmental Permits and Legal Requirements with respect to the Systems;

Q. Not implement any new marketing program, policy or practice other than as described on Schedule 4.13, or implement any rate change, retiering or repackaging;

R. Not increase the channel capacity of the Systems;

S. Not make any change in its Articles of Incorporation or By-laws;

T. Not make any change in its authorized or issued capital stock, including treasury stock;

U. Not grant any option, authorize or issue any warrant, scrip or subscription right to make any call, or make any redemption or commitment of any nature with respect to its authorized or issued stock including treasury stock;

V. Provided such payments or distributions would not result in the failure to comply with the other provisions of this Section 6.2, not declare, set aside or pay any dividend or make any other distribution with respect to its stock in excess of \$50,000 per month;

W. Not enter into any collective bargaining, bonus, stock-option, profit-sharing, compensation, pension, welfare, retirement, employment or similar agreement except where required by Law or approved by Buyer;

X. Not lend any money or, other than with respect to draws on existing lines of credit of the Company, borrow any money;

Y. Except as otherwise agreed by Buyer and Sellers, not make or contract for any capital expenditures the aggregate costs of which shall exceed \$10,000.00;

Z. Not implement any rate increases without the prior written consent of Buyer;

AA. Expend approximately \$3,100,000 to complete the two-way 750MHz upgrade of the Yankton Cable TV system (which consists of approximately 110 miles) in accordance with the specifications detailed in the Offering Memorandum prepared and delivered to Buyer by Daniels and Associates; provided that at the Closing, the Purchase Price will be increased to reflect the costs of: (i) the fiber run to Vermillion; (ii) equipping the new headend building between Yankton and Vermillion; (iii) replacing drops; and (iv) wrecking-out the old distribution plant, as agreed by Buyer and Sellers.

BB. Effect and facilitate the transfer of the Shares and the transition of the operation of the Company and The Systems to Buyer as contemplated by this Agreement.

6.3 Employee Matters. The Company will continue to conduct its business

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through Employees engaged by Abbott pursuant to the Management Agreement. Prior to the Closing Abbott will make available to Buyer those Employees currently engaged to operate the Business for interviews by Buyer with respect to possible employment by Buyer for the operation of the Business after the Closing. Buyer may offer employment to such of the Employees as Buyer shall determine upon such terms and conditions as Buyer may establish in its sole discretion.

6.4 Consents.

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Sellers will use commercially reasonable efforts to obtain, at their own cost and expense as soon as practicable, and Buyer shall use commercially reasonable efforts to cooperate with the Sellers, a reasonably requested, to obtain the Consents, in form and substance reasonably satisfactory to Buyer; provided that "commercially reasonable efforts" for this purpose (i) shall not require Sellers or Buyer to undertake extraordinary or unreasonable measures to obtain such approvals and consents, including, without limitation, the initiation or prosecution of legal proceedings or the payment of fees in excess of normal and usual filing and processing fees and (ii) shall not require Buyer to agree to any change in any Contract or Governmental Permit as a condition to obtaining any Consent, the effect of which is to make such Contract or Governmental Permit more burdensome to Buyer.

6.5 HSR Notification. As soon as practicable after the execution of this

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Agreement and if required by applicable Legal Requirements, Sellers 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"). Each of the parties will take any additional action that may be necessary, proper or advisable, will cooperate to prevent inconsistencies between their respective filings (including the exchange of drafts) 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. Buyer and Sellers shall use commercially reasonable efforts (including the filing of a request for early termination) to obtain the early termination of the waiting period under the HSR Act. The HSR Act filing fee shall be paid equally by the parties.

6.6 Notification of Certain Matters. Each party will promptly notify the

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other of any fact, event, circumstance or action the existence or occurrence of which would cause any of such party's representations or warranties under this Agreement not to be true and correct in any material respect.

6.7 Risk of Loss; Condemnation.

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A. Sellers will bear the risk of any loss or damage to the Company, the Assets, the Systems and the Business resulting from fire, theft or other casualty at all times prior to the Closing. If any such loss or damage is so substantial as to prevent normal operation of any portion of the

Systems within five days after the occurrence of the event resulting in such loss or damage, Sellers shall immediately notify Buyer of that fact and Buyer, at any time within ten days after receipt of such notice, may elect by written notice to Sellers either (i) to waive such defect and proceed toward consummation of the acquisition of the Shares in accordance with this Agreement or (ii) to terminate this Agreement. If Buyer elects to consummate the acquisition of the Shares notwithstanding such loss or damage and does so, at Buyer's election there will be an adjustment in the Purchase Price to be paid for the Shares under Article II on account of such loss or damage for the amount of such loss or damage in excess of all insurance proceeds paid or payable to the Company as a result of the occurrence of the event causing such loss or damage.

B. If, prior to the Closing, any portion of any of the Systems 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 Sellers, the Company, or Buyer that it intends to condemn any portion of any System (such event being referred to herein, in either case, as a "Taking"), then Buyer may terminate this Agreement. If Buyer does not so elect to terminate this Agreement then if the Closing occurs, Buyer shall have the sole right, in the name of the Company, if Buyer so elects, to negotiate for, claim, contest and (if the Closing occurs) receive all damages with respect to the Taking.

6.8 Adverse Changes. Sellers shall promptly notify Buyer in writing any  
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of materially adverse developments affecting the Company, the Assets, the Business or the Systems which, to the best of Sellers' knowledge, shall have occurred during the period from the date hereof through the Closing Date, including, without limitation, (a) any damage, destruction, loss (whether or not covered by insurance) or other event materially affecting any of the Company, the Assets, the Systems or the Business, (b) any notice of violation, forfeiture or complaint under any Governmental Permits, or (c) anything which, if not corrected prior to the Closing Date, will prevent Sellers from fulfilling any condition to Closing described herein.

6.9 No Solicitation. Between the date of this Agreement and the Closing  
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Date, Sellers shall not, and shall cause the Company's, officers, directors, employees, agents and representatives (including, without limitation, Daniels & Associates, any investment banker, attorney or accountant retained by Sellers or the Company) not to, initiate, solicit or encourage, directly or indirectly, any inquiries or the making of any proposal with respect to the Shares, the Company, the Assets, the Systems or the Business, engage in any negotiations concerning, or provide to any other Person any information or data relating to the Business, for the purposes of, or have any discussions with any Person relating to, or otherwise cooperate in any way with or assist or participate in, facilitate or encourage, any inquiries or the making of any proposal which constitutes, or may reasonably be expected to lead to, any effort or attempt by any other Person to seek or effect a purchase and sale of all or substantially all of the Shares, the Company, the Assets, the Systems or the Business.

6.10 Forms 394. If required, promptly after the date of this Agreement,  
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Sellers and Buyer shall, each at its own expense, prepare and file properly prepared Applications for Franchise Authority Consent to Assignment or Transfer of Control or Cable Television Franchise FCC 394 ("Forms 394") with the local Government Authorities that have issued franchises to the Company, and shall file all additional information required by such franchises or applicable local Legal Requirements or that the Governmental Authorities deem necessary or appropriate in connection

with their consideration of the request of Sellers or Buyer that such authority approve of the transfer of the Franchises and the Shares.

6.11 Title Matters. Within twenty (20) days after the execution of this  
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Agreement, Sellers shall, at their expense, commission a qualified title company to prepare and provide the Preliminary Title Report with respect to the Real Property owned by the Company, and Sellers shall promptly provide a copy of the Preliminary Title Report to Buyer, together with complete copies of all documents relating to the title exceptions referred to in the Preliminary Title Report. Buyer shall have the right, within thirty (30) Business Days of Buyer's receipt of the Preliminary Title Report, to notify Sellers, in writing, of any Disapproved Matters. Buyer's failure to raise Disapproved Matters within such time period shall constitute a waiver of the Disapproved Matters. Any title exception shown in the Preliminary Title Report and not objected to by Buyer within such time period shall be deemed a Permitted Encumbrance. Prior to the Closing, Sellers shall, at their expense, remove or cause to be removed all the Disapproved Matters or, in the alternative, obtain title insurance in the form satisfactory to Buyer insuring against the effect of such Disapproved Matters. Sellers shall notify Buyer within seven (7) Business Days after receipt of Buyer's notice of Disapproved Matters whether Sellers intend to remove the same. If Sellers so notify Buyer, Buyer may elect (i) to terminate this Agreement, or (ii) to waive such Disapproved Matters, in which event Buyer shall receive a credit at the Closing in the amount, of the cost to the Disapproved Matters.

6.12 Phase I Study. Buyer may, at its option and at its own expense,  
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have Phase I environmental site assessments and asbestos studies (the "Environmental Reports" of any of the Real Property performed by one or more  
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reputable environmental firms designated by Buyer. If environmental conditions are uncovered as a result of obtaining such Environmental Reports and (i) remediation of such conditions is required by any Legal Requirement or such conditions, if not remediated, would reasonably be expected to subject Buyer or the Company to fines or penalties as a result of such conditions violating any Legal Requirement or (ii) Sellers' representations and warranties in Section 4.19 are breached, then Buyer may elect either to terminate this Agreement, or to consummate the transactions contemplated hereby subject to an adjustment to the Purchase Price in the amount of the cost of such remedial action.

6.13 Monthly Financial Statements. Between the date of execution and  
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delivery of this Agreement and the Closing Date, Sellers shall deliver to Buyer within thirty (30) days after the end of each calendar month, unaudited financial reports ("Monthly Financial Statements") in the form customarily prepared by the Company as set forth in Schedule 6.13 with respect to the  
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Company, the Business and the System and other information with respect to the Company, the Business and Systems (including, without limitation, capital expenditures, reports setting forth the revenue and cash flow of the Company, the Business and the Systems for each month and year-to-date, subscriber information for Basic Subscribers and Bulk Units, disconnect requests, miles of plant, homes passed and such other information as Buyer may reasonably request which is in the form customarily prepared by the Company, beginning as soon as practicable after the date of this Agreement). Such financial statements and information requested shall present fairly and accurately the financial condition and results of operations of the Company, the Business and the Systems for the period then ended and as of such dates and be prepared in accordance with GAAP consistently applied through the periods specified subject to normal year end adjustments.

6.14 Confidentiality. (a) The parties hereto, together with Abbott Co.,

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it employees and James Abbott, shall not, directly or indirectly, disclose or furnish to any Person any confidential or proprietary documents, information or data of the other party, whether written or oral, and furnished to such party, its employees, agents, lenders, accountants, representatives, advisors or consultants ("Confidential Parties") in the course of the negotiation of this Agreement or in connection with or relating to the transactions contemplated by this Agreement, the Assets, or the Systems (the "Information"). Each party will hold and use all reasonable efforts to cause its respective Confidential Parties to hold in strict confidence all of the Information, and will not, without the prior written consent of the other party, (i) use the Information for any purpose other than in connection with the transactions contemplated by this Agreement or in any proceeding, litigation or arbitration in respect thereof; or (ii) release or disclose any Information to any other person, except to such Confidential Parties. Notwithstanding the foregoing, the following will not constitute a part of the Information for the purposes of this Section:

(i) information that a party can show was known by it or any of its respective Confidential Parties prior to the disclosure thereof by the other party;

(ii) information that is or becomes generally available to the public other than as a result of a disclosure directly or indirectly by the party or any of its respective Confidential Parties in breach of this Section 6.14;

(iii) information that is independently developed by such party or any of its respective Confidential Parties; or

(iv) information that is or becomes available to such party on a non-confidential basis from a source other than the other party or any of its respective Confidential Parties, provided that such source is not known by the party receiving the Information to be bound by any obligation or confidentiality in relation thereto.

(b) From and after the Closing Date, Sellers, together with Abbot Co., its employees and James Abbott, shall not, directly or indirectly, disclose or furnish to any Person any confidential or proprietary documents, information or data, whether written or oral, relating to or in connection with the Company, the Systems or the Business (the "Confidential Information"), other than information that is or becomes generally available to the public other than as a result of a disclosure, directly or indirectly, by any such parties in breach of this Section 6.14(b) and other than as required by law.

(c) In the event any of Buyer, Sellers, Abbott Co., or/and James Abbott is requested or required pursuant to any judicial or regulatory proceeding or other Governmental Authority to disclose any Information or Confidential Information, such of Buyer, Sellers, Abbott Co., or/and James Abbott shall provide the others parties with prompt notice thereof, so that the other parties may seek a protective order or other appropriate remedy and/or waive compliance with the provisions of Section 6.14(a). In the event that such protective order or other remedy is not obtained and such party has not waived compliance with the provisions of Section 6.14(a), and such of Buyer, Sellers, Abbott Co., or/and James Abbott is legally required to disclose the Information or

Confidential Information to any tribunal, court, regulatory authority or agency or third party claimant, that portion of the Information or Confidential Information which such of Buyer, Seller, Abbott Co., or/and James Abbott is legally required to disclose may be disclosed, provided, however, that such of Buyer, Sellers, Abbott Co., or/and James Abbott will exercise commercially reasonable best efforts (at no cost or penalty to such of Buyer, Sellers, Abbott Co., or/and James Abbott) to obtain reliable assurances that confidential treatment will be accorded to such Information or Confidential Information.

(d) The provisions of this Section 6.14 shall survive the Closing.

6.15 Covenant Not to Compete. The term "Covenantors" as used in this

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Section 6.15 shall be defined to mean each of the Sellers, Abbott Co., James Abbott, and all corporations, firms and entities controlled by any or any combination of them.

A. Each of the Sellers, Abbott Co. and James Abbott covenants and agrees for himself, herself and itself, that for a period of five years after Closing (or such period as allowed by law if less than five years), neither such Covenantor nor any corporation, firm or other entity controlled by such Covenantor (alone or in combination with any other covenantor) will or be involved with the cable television business, data service, media or telecommunications business within a 50-mile radius of the Franchise Areas except as otherwise disclosed on Schedule 6.15 attached hereto. Notwithstanding

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anything contained herein, the ownership of passive securities of any company which is "publicly held" and which do not constitute more than one percent (1%) of the voting rights or equity interest of such entity shall not constitute a violation of this covenant.

B. Each of the Sellers and Abbott agrees that in the event that any Covenantor commits a breach or threatens to commit a breach of any of the provisions of Sections 6.14 or 6.15, Buyer shall have the right and remedy to have the provisions of this Section 6.15 specifically enforced by any court having jurisdiction, it being acknowledged and agreed that any such breach could cause immediate irreparable injury to Buyer and that money damages would not provide an adequate remedy at law for any such breach or threatened breach. Such right and remedy shall be in addition to, and not in lieu of, any other rights and remedies including damages available to Buyer at law or in equity.

C. If any of the provisions of or covenants contained in this Section 6.15 are hereafter construed to be wholly or to any extent invalid or unenforceable in any jurisdiction, the same shall be deemed automatically modified to the minimum extent necessary to make such provision or covenant enforceable, and the same shall not affect the remainder of the provisions to the extent not invalid or unenforceable in such jurisdiction or the enforceability thereof without limitation in any other jurisdiction.

D. The provisions of this Section 6.15 shall survive the Closing.

6.16 Public Announcements. Prior to the Closing Date, all notices to third

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parties and other publicity relating to the transaction contemplated by this Agreement shall be jointly planned and agreed to by Sellers and Buyer unless otherwise required by law; provided, however, that Sellers

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may, from time to time advise its lenders and Buyer may, from time to time, advise its members and lenders, with respect to this Agreement and the transactions contemplated by this Agreement without the consent of the other. Sellers shall not unreasonably refuse requests by Buyer, once approval of the Governmental Authorities to the transfer of the franchises is granted, to insert in invoices to the Company's subscribers, at Buyer's expense, subscriber educational material concerning the transaction contemplated by this Agreement.

6.17 Excluded Assets. No less than 30 days prior to the Closing Date,  
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the Sellers shall cause the Company to, and the Company shall sell and transfer or assign all of its right title, and interest in and to the Excluded Assets more fully described on Schedule 6.17 attached hereto.

6.18 Audited Financial Statements. Either before of after the Closing,  
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at Buyer's request and expense, Sellers shall cause the Company's present external auditors to assist Buyer in the preparation of audited financial statements for the Company for the three-year period prior to the Closing.

6.19 Midcontinent Agreement. At or prior to the Closing, and subject to  
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the Agreement of Midcontinent Cable Systems Co. of South Dakota ("Midco") Sellers shall assume all of the obligations of the Company under and pursuant to that certain Asset Purchase Agreement dated as of March 29, 1999 by and between Midco and the Company and the transactions contemplated thereby.

ARTICLE VII  
CONDITIONS PRECEDENT TO OBLIGATIONS OF BUYER

The obligations of Buyer under this Agreement are subject to the satisfaction at or prior to the Closing of each of the following conditions, any one or more of which may be waived by Buyer, in its sole direction.

7.1 HSR Act. If required under applicable Legal Requirements, all  
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filings required under the HSR Act shall have been made and the applicable waiting period shall have expired or been earlier terminated without the receipt of any objection or the commencement or threat of any litigation by a Governmental Authority of competent jurisdiction to restrain the consummation of the transactions contemplated by this Agreement.

7.2 Governmental or Legal Action. No action, suit or proceeding shall be  
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pending or threatened by any Governmental Authority or other Person and no Legal Requirement shall have been enacted, promulgated or issued or deemed applicable to any of the transactions contemplated by this Agreement by any Governmental Authority or other Person that would (a) prohibit Buyer's ownership or operation of the Company, the Systems, the Business or the Assets or require Buyer to divest itself of the Company, the Systems or any of the Assets after the Closing Date, (b) result in the imposition of material damages against Buyer or any of its Affiliates in connection with the consummation of the transactions contemplated by this Agreement or (c) prevent or make illegal the consummation of the transactions contemplated by this Agreement.

7.3 Accuracy of Representations and Warranties. The representations and  
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warranties of Sellers contained in this Agreement shall be true and correct in  
all material respects as of the date of this Agreement and as of the Closing  
Date, with the same effect as though made on and as of the Closing Date.

7.4 Performance of Agreements. Sellers shall have performed in all  
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material respects all obligations and agreements and complied or caused to be  
complied with all covenants and conditions required by this Agreement to be  
performed or complied with by them at or prior to the Closing Date.

7.5 No Material Adverse Change. During the period from the date of this  
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Agreement through and including the Closing Date, there shall not have occurred  
any material adverse change in the business, prospects, Assets, financial  
condition or operations of the Company, other than any change arising out of  
matters of a general economic nature or matters affecting the cable television  
industry (national or regional) generally, and the Company shall not have  
sustained any material loss or damage to the Assets or any of the Systems,  
whether or not insured, that materially affects its ability to conduct the  
Business in a manner consistent with past practice.

7.6 Consents. Sellers shall have delivered to Buyer evidence, in form  
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and substance reasonably satisfactory to Buyer, that all the Required Consents  
have been obtained or given, and the criteria set forth on Schedule 4.7 shall  
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have been satisfied.

7.7 Transfer Documents. Sellers shall have delivered to Buyer customary  
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instruments of transfer sufficient to convey good and marketable title to the  
Shares in accordance with the terms of this Agreement and otherwise in form and  
substance satisfactory to Buyer and its counsel, together with such other  
documents as described in Section 3.2.A.

7.8 Opinions of Counsel. Buyer shall have received the opinions of (a)  
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Cutler, Donahoe & Mickelson, LLP, counsel for Sellers and the Company, dated the  
Closing Date, substantially in the form of Exhibit B attached hereto and (b)  
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Cole, Raywid and Braverman, FCC counsel for the Company, dated the Closing Date,  
substantially in the form of Exhibit C attached hereto.

7.9 Discharge of Encumbrances. Sellers shall have caused the Company to  
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secure the termination or removal of all Encumbrances of any nature on the  
Assets, other than Permitted Encumbrances. Sellers shall have made all payments  
to Abbott Co. in respect of and as required pursuant to the Phantom Equity  
Agreement and the Management Agreement.

7.10 Additional Documents and Acts. Sellers shall have delivered or  
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caused to be delivered to Buyer all other documents required to be delivered  
pursuant to this Agreement and done or caused to be done all other acts or  
things reasonably requested by Buyer to evidence compliance with the conditions  
set forth in this Article VII.



7.11 Certificates. Sellers shall have furnished Buyer with such other  
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certificates of Sellers and others, dated as of the Closing Date, to evidence  
compliance with the conditions set forth in this Article VII, as may be  
reasonably requested by Buyer.

7.12 Termination of Management Agreement. The Management Agreement shall  
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be terminated effective as of the Closing Date.

7.13 Office Space at Worthington and Yankton Properties.  
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Sellers shall, or shall cause such of the Company's current affiliates  
which own such property at and after the Closing to, enter into an agreement as  
of the Closing Date pursuant to which the Company shall be entitled to continue  
to occupy certain office space at the buildings located in Worthington and  
Yankton (which are included in the Excluded Assets) for a period of no less than  
seven (7) years from the Closing Date at no cost to Buyer or the Company other  
than maintenance and utilities for the space occupied and insurance on the  
contents, and the owner of such property shall be and remain responsible for all  
other costs and expenses including repairs, taxes and insurance (other than  
insurance on the Company's contents).

7.14 Equivalent Basic Subscribers. The number of Equivalent Basic  
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Subscribers as of the Closing Date shall be not less than 13,000.

ARTICLE VIII  
CONDITIONS PRECEDENT TO OBLIGATIONS OF SELLERS

The obligations of Sellers under the Agreement are subject to the  
satisfaction, at or prior to the Closing Date, of each of the following  
conditions, any one or more of which may be waived by Sellers, in its sole  
discretion.

8.1 HSR Act. If required under applicable Legal Requirements, all  
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filings required under the HSR Act shall have been made and the applicable  
waiting period shall have expired or been earlier terminated without the receipt  
of any objection or the commencement or threat of any litigation by a  
Governmental Authority of competent jurisdiction to restrain the consummation of  
the transactions contemplated by this Agreement.

8.2 Governmental or Legal Actions. No action, suit or proceeding shall  
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be pending or threatened by any Governmental Authority and no Legal Requirement  
shall have been enacted, promulgated or issued or deemed applicable to any of  
the transactions contemplated by this Agreement by any Governmental Authority  
that would (a) prohibit Buyer's ownership of the Shares, the Company or  
operation of the Systems, the Business or the Assets, (b) result in the  
imposition of material damages against Buyer in connection with the consummation  
of the transactions contemplated by this Agreement or (c) prevent or make  
illegal the consummation of the transactions contemplated by this Agreement.

8.3 Accuracy of Representations and Warranties. The representations and

warranties of Buyer contained in this Agreement shall be true and correct in all material respects as of the date of this Agreement and as of the Closing Date, with the same effect as though made on and as of the Closing Date.

8.4 Performance of Agreements. Buyer shall have performed in all

material respects all obligations and agreements and complied or caused to be complied with all covenants and conditions required by this Agreement to be performed or complied with by Buyer at or prior to the Closing Date.

8.5 Opinion of Buyer's Counsel. Sellers shall have received the opinion

of Cooperman Levitt Winikoff Lester & Newman, P.C., counsel for Buyer, dated the Closing Date, substantially in the form of Exhibit D attached hereto.

8.6 Additional Documents and Acts. Buyer shall have delivered or caused

to be delivered to Sellers all other documents required to be delivered pursuant to this Agreement and done all other acts or things reasonably requested by Sellers to evidence compliance with the conditions set forth in this Article VIII.

8.7 Certificates. Buyer shall have furnished Sellers with such other

certificates of Buyer and others, dated as of the Closing Date, to evidence compliance with the conditions set forth in this Article VIII, as may be reasonably requested by Sellers.

ARTICLE IX  
INDEMNITY

9.1 Survival of Representations and Warranties. The representations and

warranties of the parties contained in this Agreement or in any document delivered pursuant hereto shall be deemed to be continuing and shall survive the Closing, and any party may assert a claim for indemnity with respect thereto, for a period of two years; provided that the representations and warranties of Sellers relating to Taxes, title to the Assets, employment and employee benefit matters, and environmental matters shall survive the Closing, and Buyer may assert a claim for indemnity with respect thereto, for a period ending sixty (60) days after the expiration of the applicable statute of limitations; and provided, further, that any claims by Buyer against Sellers for indemnification with respect to third party claims or matters pertaining to the Excluded Assets shall survive the Closing, and may asserted by Buyer, indefinitely.

9.2 Sellers' Indemnity.

A. Sellers agree to indemnify and hold Buyer harmless from, against and in respect of, and shall on demand reimburse Buyer for:

(i) any and all Liabilities of the Company in existence on the Closing Date, whether or not known on or prior to the Closing Date which constitute breaches of Section

4.24 hereof or which arose after the date hereof contrary to the provisions of Article 6 hereof, or which were not reflected in the Working Capital Adjustment, provided that this indemnity shall not apply to the extent any such liabilities have been reflected or reserved against in the Financial Statements or which have resulted in an adjustment to the Purchase Price which has been credited to Buyer at Closing or paid by Sellers to Buyer after Closing;

(ii) the liability of the Company for United States, state, local or other Taxes for periods ending on or before December 31, 1998 (to the extent exceeding the provisions for current and deferred taxes in the Financial Statements) and the liability of the Company for United States, state, local or other Taxes for the period from January 1, 1999 to the Closing Date (including, without limitation, the Excluded Assets Tax Liability) to the extent not provided in the Financial Statements as at December 31, 1998 and, for periods after December 31, 1998, to the extent exceeding similar provisions for such taxes after the date as reflected in the Working Capital Adjustment; provided, that this indemnity shall not apply to the extent of any such liabilities which have resulted in an adjustment to the Purchase Price which has been credited to Buyer at Closing or paid by Sellers to Buyer after Closing.

(iii) The obligations of the Company after the Closing Date under any Governmental Permits or Contracts constituting a breach of Section 4.17 or resulting from breaches of Article 6 hereof;

(iv) any and all loss, damage, deficiency, costs or expenses sustained by Buyer, or the Company as a result of:

(a) any error, misstatement, omission or misrepresentation in any of the representations and warranties of the Sellers contained in this Agreement or any Schedule, certificate, document or instrument delivered to Buyer hereunder;

(b) any order, judgment or decree made at any time by any court or judicial or administrative department or agency of any foreign, federal, state, county, municipal or local government as the result of any act or omission of the Company occurring, or resulting from the operations of the Business or the Company, prior to the Closing Date;

(c) the nonfulfillment of any obligation on the part of the Sellers to be performed under the terms of this Agreement; and

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

B. If any claim covered by the foregoing indemnity is asserted against Buyer by a third party, Buyer shall promptly give the Sellers notice thereof and give Sellers an opportunity to defend the same with counsel of Sellers' choice at Sellers' expense. Buyer shall provide reasonable

cooperation in connection with such defense. In the event that Sellers desires to compromise or settle any such claim, Buyer shall have the right to consent to such settlement or compromise; provided, however, that if such compromise or settlement is for money damages only and will include a full release and discharge of Buyer, and Buyer withholds its consent to such compromise or settlement, Buyer and Sellers agree that (i) Sellers' liability shall be limited to the amount of the proposed settlement and Sellers shall thereupon be relieved of any further liability with respect to such claim, and (ii) from and after such date, Buyer will undertake all legal costs and expenses in connection with any such claim and shall indemnify Sellers from any further liability or obligation to such third party in connection with such claim in excess of the amount of the proposed settlement. If Sellers fails to defend any claim within a reasonable time, Buyer shall be entitled to assume the defense thereof, and Sellers shall be liable to Buyer for its expenses reasonably incurred, including attorney's fees and payment of any settlement amount or judgment.

C. Sellers shall not be required to indemnify or otherwise be liable to Buyer for any claim unless the losses, liabilities, damages, costs and expenses of Buyer arising from all such claims exceeds \$25,000.00. If the losses, liabilities, damages, costs and expenses of Buyer arising from all such claims exceeds \$25,000, Sellers shall be required to indemnify Buyer for the full amount of all such claims provided that Sellers shall not be required to indemnify or otherwise be liable to Buyer for any claim to the extent that the losses, liabilities, damages, costs and expenses of Buyer arising from all such claims exceed, in the aggregate, the sum of Five Million dollars (\$5,000,000). Notwithstanding the foregoing, the above threshold and limitations shall not apply to claims for indemnity by Buyer arising out of third party claims or relating to the Excluded Assets.

### 9.3 Buyer's Indemnity -----

A. Buyer agrees to indemnify and hold Sellers harmless from, against and in respect of, and shall on demand reimburse Sellers for:

(i) any and all loss, liability or damage resulting from any untrue representation, breach of warranty or nonfulfillment of any covenant or agreement by Buyer contained in any Transaction Document delivered to Sellers hereunder;

(ii) the obligations of the Company arising from the operation of the Business from and after the Closing Date;

(iii) the non-fulfillment of any obligation on the part of Buyer to be performed under the terms of this Agreement; and

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

B. If any claim covered by the foregoing indemnity is asserted against Sellers by a third party, Sellers shall promptly give the Buyer notice thereof and give Buyer an opportunity to defend

the same with counsel of Buyer's choice at Buyer's expense. Sellers shall provide reasonable cooperation in connection with such defense. In the event that Buyer desires to compromise or settle any such claim, Sellers shall have the right to consent to such settlement or compromise; provided, however, that if such compromise or settlement is for money damages only and will include a full release and discharge of Sellers, and Sellers withholds their consent to such compromise or settlement, Sellers and Buyer agree that (i) Buyer's liability shall be limited to the amount of the proposed settlement and Buyer shall thereupon be relieved of any further liability with respect to such claim, and (ii) from and after such date, Sellers will undertake all legal costs and expenses in connection with any such claim and shall indemnify Buyer from any further liability or obligation to such third party in connection with such claim in excess of the amount of the proposed settlement. If Buyer fails to defend any claim within a reasonable time, Sellers shall be entitled to assume the defense thereof, and Buyer shall be liable to Sellers for its expenses reasonably incurred, including attorney's fees and payment of any settlement amount or judgment.

C. Buyer shall not be required to indemnify or otherwise be liable to Sellers for any claim unless the losses, liabilities, damages, costs and expenses of Sellers arising from all such claims exceeds \$25,000. If the losses, liabilities, damages, costs and expenses of Sellers arising from all such claims exceeds \$25,000, Buyer shall be required to indemnify Sellers for the full amount of all such claims, provided, that Buyer shall not be required to indemnify or otherwise be liable to Sellers for any claim to the extent that the losses, liabilities, damages, costs and expenses of Sellers arising from all such claims exceed in the aggregate the sum of Five Million dollars (\$5,000,000).

9.4 Remedies Cumulative; Right to Offset. The remedies provided in this

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Article IX shall be cumulative and shall not preclude assertion by any party hereto of any other rights or the seeking of any other remedies against the other party as specifically set forth in this Agreement.

ARTICLE X  
TERMINATION

10.1 Conditions for Termination. This Agreement may be terminated as

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follows:

A. By mutual consent of the parties hereto;

B. By either party, upon written notice to the other, if the Closing shall not have occurred on or prior to September 30, 1999 (provided that the terminating party shall not then be in breach or default of this Agreement);

C. By Buyer pursuant to Sections 6.7, 6.11, and 6.12; or

D. By Buyer or Sellers as provided in Article XI hereof.

10.2 No Liability Upon Certain Terminating Events. In the event of the

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termination of this Agreement pursuant to the provisions of this Section 10 (other than as a result of any breach or default by either party as set forth on Section 11 hereto), this Agreement shall become void and have

no effect, without liability on the part of any of the parties hereto, or the directors, officers, partners, members, managers or venturers of Sellers or Buyer and each of the parties hereto shall bear its own counsel fees and expenses.

ARTICLE XI  
LIABILITY IN THE EVENT OF A BREACH

11.1 Default by Buyer. If Buyer shall default in the performance of its

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obligations under this Agreement in any material respect or if, as a result of Buyer's material breach of its obligations pursuant to this Agreement, the conditions precedent to Sellers' obligation to close specified in Section 8 are not satisfied, and none of the Sellers shall then be in default in the performance of its obligations hereunder in any material respect, Sellers shall be entitled, as their sole remedy, to terminate this Agreement by written notice to Buyer and to receive the sum of \$2,000,000, as liquidated damages, in which event Sellers and Buyer shall be discharged from all further liability under this Agreement upon payment of such liquidated damages to Sellers. Sellers and Buyer agree in advance that actual damages would be difficult to ascertain and that the amount of such liquidated damages is a fair and equitable amount to reimburse Sellers for damages sustained due to such default by Buyer of this Agreement.

11.2 Default by Sellers. If any of the Sellers shall default in the

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performance of its obligations under this Agreement in any material respect or if, as a result of a material breach by any Seller of its obligations pursuant to this Agreement, the conditions precedent to Buyer's obligation to close specified in Section 7 are not satisfied, and Buyer shall not then be in default in the performance of its obligations hereunder in any material respect, Buyer shall then be entitled, at Buyer's sole option, either:

A. to exercise Buyer's right to a decree of specific performance of the transactions contemplated by this Agreement and the right to injunctive relief in connection therewith, without any bond or security being required and without the necessity of showing actual damages, upon proper action instituted by Buyer. Sellers and Buyer acknowledge and agree that the subject matter of this Agreement is unique and accordingly, in the event of any action by Buyer to enforce this Agreement, Sellers hereby waive the defense that there is an adequate remedy at law. In the event of a breach or default which results in the filing of an action by Buyer for specific performance or injunctive relief, the prevailing party in such action shall be entitled to receive reimbursement from the non-prevailing party for its costs and expenses in connection therewith, including reasonable attorneys' fees.

B. to terminate this Agreement by written notice to Sellers and to receive the sum of \$2,000,000 as liquidated damages, in which event Sellers and Buyer shall be discharged from all further liability under this Agreement upon payment of such liquidated damages to Buyer. Sellers and Buyer agree in advance that actual damages would be difficult to ascertain and that the amount of such liquidated damages is a fair and equitable amount to reimburse Buyer for damages sustained due to such default by Sellers of this Agreement.

ARTICLE XII  
NOTICES

12.1 Notices. Any notices or other communications to the Sellers or the

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Buyer, shall be sent by overnight mail, certified or registered mail, return receipt requested, or by facsimile with report of delivery, to the addresses set forth below, or to such other address as Sellers or Buyer may designate, from time to time, by written notice to the other:

To Buyer:                   MEDIACOM LLC  
                              100 Crystal Run Road  
                              Middletown, New York 10941  
                              Attention: Rocco B. Comisso  
                              Facsimile: (914) 695-2639

with a copy to:            Robert L. Winikoff, Esq.  
                              Cooperman Levitt Winikoff  
                              Lester & Newman, P.C.  
                              800 Third Avenue - 30th Floor  
                              New York, New York 10022  
                              Facsimile: (212) 755-2839

To Sellers:                 James Abbott, Trustee for the  
                              Trusts created under the Will dated June 3, 1982  
                              of Roger E. Zylstra, deceased, for the benefit of  
                              Charles D. Zylstra and Kara M. Zylstra  
                              414 East Clark  
                              Vermillion, SD 57069  
                              Facsimile: (605) 677-6520

CHARLES D. ZYLSTRA  
66 Old South Road  
Southport, CT 06490  
Facsimile: (203) 256-1883

KARA M. ZYLSTRA  
1000 G. Avenue

Coronado, CA 92118  
Facsimile: (619) 437-4079

with a copy to: Richard A. Cutler, Esq.  
Cutler, Donahoe & Mickelson, LLP  
100 North Phillips Avenue  
Suite 901  
Sioux Falls, South Dakota 57104-6725  
Facsimile: (605) 335-4961

Any such notice shall be effective when delivered by overnight mail service or by facsimile, or date receipt acknowledged, if by certified mail, return receipt requested.

ARTICLE XIII  
MISCELLANEOUS

13.1 Entire Agreement. This writing constitutes the entire agreement of  
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the parties with respect to the subject matter hereof and may not be modified, amended or terminated, except by a written agreement specifically referring to this Agreement signed by Buyer and Sellers. No waiver of any breach or default hereunder shall be considered valid unless in writing and signed by the party giving such waiver, and no such waiver shall be deemed a waiver of any subsequent breach or default of the same or similar nature.

13.2 Successors and Assigns. This Agreement and all of the provisions  
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hereof shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns. Neither the Agreement nor any of the rights, interests or obligations hereunder shall be assigned, by operation of law or otherwise, by any party hereto without the prior written consent of the other party, provided, that Buyer may assign this Agreement to  
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any parent, subsidiary or Affiliate of Buyer without the prior written consent of Sellers. Nothing in this Agreement, express or implied, is intended to confer upon any person other than the parties hereto and their respective successors and permitted assigns, any rights, remedies or obligations under or by reason of this Agreement.

13.3 Arbitration. Except for claims for injunctive relief under Sections  
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6.14 and 6.15, claims for damages or equitable relief pursuant to Sections 11.1 and 11.2 and third-party claims by one party against the other in any action or proceeding commenced by unaffiliated persons or firms, all claims, disputes and differences hereunder shall be determined by arbitration under the rules then obtaining of the American Arbitration Association in New York City. If \$50,000 or more is at issue, the matter shall be heard by a panel of three arbitrators. In such case Sellers and Buyer shall each designate one disinterested arbitrator and the two arbitrators so designated shall select the third arbitrator. Buyer and Sellers agree that in any dispute submitted for arbitration in connection



herewith, the non-prevailing party shall pay all fees and expenses of the arbitration proceedings incurred by the prevailing party.

13.4 Captions. The paragraph headings contained herein are for the  
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purposes of convenience only and are not intended to define or limit the contents of said paragraphs.

13.5 Counterparts. This Agreement may be executed in one or more  
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counterparts, all of which taken together, shall be deemed one original.

13.6 Governing Law. This Agreement shall be governed and construed in  
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accordance with the laws of the State of New York, without regard to conflict of law provisions in such state.

13.7 Sellers' Knowledge. For purposes of this Agreement reference to "to  
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the best of Sellers' knowledge" or "to Sellers' knowledge" or "the knowledge of Sellers" or any variation thereof means and refers to the knowledge, after due investigation and inquiry, of each of the Sellers, James Abbott as trustee under the Trust, individually, and as an officer of Abbott Co., and Brian Stewartd as well as any other Employee operating the Business of the Company.

[Remainder of page intentionally left blank;  
signatures to follow]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

SELLER:

\_\_\_\_\_  
CHARLES D. ZYLSTRA

\_\_\_\_\_  
KARA M. ZYLSTRA

TRUSTS CREATED UNDER THE WILL DATED JUNE 3, 1982  
OF ROGER E. ZYLSTRA, DECEASED, FOR THE BENEFIT OF  
CHARLES D. ZYLSTRA AND KARA M. ZYLSTRA

By: \_\_\_\_\_  
Name: James Abbott  
Title: Trustee

BUYER:

MEDIACOM LLC

By: \_\_\_\_\_  
Rocco B. Commisso, Manager

Solely with respect to Sections 4.12, 6.14 and  
6.15  
ABBOTT COMPANY

By: \_\_\_\_\_  
James Abbott, President

Solely with respect to Sections 6.14 and 6.15

\_\_\_\_\_  
JAMES ABBOTT



THIS SCHEDULE CONTAINS SUMMARY INFORMATION EXTRACTED FROM THE CONSOLIDATED STATEMENTS OF OPERATIONS AND CONSOLIDATED BALANCE SHEETS OF MEDIACOM LLC AND ITS SUBSIDIARIES AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

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 MEDIACOM LLC  
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	JAN-01-1999		
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