SECURITIES AND EXCHANGE COMMISSION
Washington D.C. 20549

AMENDMENT NO. 1

TO

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934

Date of Report: February 26, 2001

MEDIACOM COMMUNICATIONS CORPORATION
MEDIACOM LLC
MEDIACOM CAPITAL CORPORATION
(Exact names of Registrants as specified in their charters)

Delaware		
New York	0-29227	06-1566067
New York	333-57285-01	06-1433421
(State or other jurisdiction of incorporation or organization)	333-57285 (Commission File Numbers)	06-1513997 (IRS Employer Identification Nos.)

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

Registrants' telephone number: (845) 695-2600

Item 5. Other Events.

On February 26, 2001, Mediacom Communications Corporation (the "Company") entered into four separate definitive asset purchase agreements with AT&T Broadband, LLC under which various affiliates of AT&T Broadband will sell to the Company certain cable television systems serving approximately 840,000 basic subscribers in Georgia, Illinois, Iowa and Missouri, for an aggregate purchase price of approximately $2.215 billion in cash, subject to closing adjustments. The transaction is expected to close in the second or third quarter of 2001, subject to certain closing conditions and regulatory review.

On February 27, 2001, the Company issued a press release announcing that it had entered into these agreements with AT&T Broadband. A copy of such press release is attached hereto as Exhibit 99.1.

Item 7. Financial Statements and Exhibits.

(a) Financial Statements

Georgia Mediacom Systems

Report of Independent Accountants--PricewaterhouseCoopers LLP
Combined Statement of Assets, Liabilities and Parent's Investment as of December 31, 2000 and 1999
Combined Statements of Revenues and Direct Expenses and Parent's Investment for the Year ended December 31, 2000, Period from March 1 to December 31, 1999, Period from January 1 to February 28, 1999 and Year ended December 31, 1998
Combined Statements of Cash Flows for the Year ended December 31, 2000, Period from March 1 to December 31, 1999, Period from January 1 to February 28, 1999 and Year ended December 31,1998
Notes to Combined Financial Statements
Combined Statement of Assets, Liabilities and Parent's Investment as of March 31, 2001 and 2000 (unaudited)
Combined Statements of Revenues and Direct Expenses and Parent's Investment for the three months ended March 31, 2001 and 2000 (unaudited)
Combined Statements of Cash Flows for the three months ended March 31, 2001 and 2000 (unaudited)
Notes to Combined Financial Statements

Southern Illinois Mediacom Systems

Report of Independent Accountants--PricewaterhouseCoopers LLP
Combined Statement of Assets, Liabilities and Parent's Investment as of December 31, 2000 and 1999
Combined Statements of Revenues and Direct Expenses and Parent's Investment for the Year ended December 31, 2000, Period from March 1 to December 31, 1999, Period from January 1 to February 28, 1999 and Year ended December 31, 1998

Combined Statement of Assets, Liabilities and Parent's Investment as of March 31, 2001 and 2000 (unaudited)
Combined Statements of Revenues and Direct Expenses and Parent's Investment for the three months ended March 31, 2001 and 2000 (unaudited)
Combined Statements of Cash Flows for the three months ended March 31, 2001 and 2000 (unaudited)
Notes to Combined Financial Statements

(b) Pro Forma Financial Information

Pro Forma combined financial statements of Mediacom Broadband LLC and Mediacom Broadband Corporation as of March 31, 2001 and for the three months then ended and for the year ended December 31, 2000

(c) Exhibits:

Exhibit No.	Description
23.1	Consent of PricewaterhouseCoopers LLP
99.1*	Press release dated February 27, 2001
99.2	Management's Discussion and Analysis of Financial Condition and Results of Operations of the AT&T Systems

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* Previously filed with this Form 8-K.

INDEX TO FINANCIAL STATEMENTS

Report of Independent Accountants

To the Board of Directors of
AT&T Broadband LLC:

In our opinion, the accompanying combined statements of assets, liabilities and parent's investment and the related combined statements of revenues and direct expenses and of parent's investment and of cash flows present fairly, in all material respects, the assets, liabilities and parent's investment of Georgia Mediacom Systems (a combination of certain assets as defined in Note 1 to the combined financial statements) at December 31, 2000 and December 31, 1999, and the excess of their revenues over direct expenses and their cash flows for the year ended December 31, 2000, and the period March 1, 1999 to December 31, 1999 ("New Mediacom"), and the period January 1, 1999 to February 28, 1999 and the year ended December 31, 1998 ("Old Mediacom") in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Companies' management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with auditing standards generally accepted in the United States of America, which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As discussed in Note 1, effective March 9, 1999, AT&T Corp., the parent company of New Mediacom, acquired Tele-Communications, Inc., parent company of Old Mediacom, in a business combination accounted for as a purchase. As a result of the acquisition, the combined financial information for the periods after the acquisition is presented on a different basis than that for the periods before the acquisition and therefore, is not comparable.

PricewaterhouseCoopers LLP

Denver, Colorado
April 9, 2001

GEORGIA MEDIACOM SYSTEMS
(A combination of certain assets, as defined in Note 1)

COMBINED STATEMENT OF ASSETS, LIABILITIES AND PARENT'S INVESTMENT
(in thousands)

	December 31, 2000	December 31, 1999
Assets		
Cash and cash equivalents	$ 3,969	$ 3,058
Trade and other receivables, net of allowance for doubtful accounts of $186 and $443 at December 31, 2000 and 1999, respectively	3,279	3,236
Property and equipment, at cost:		
Land	1,098	1,097
Distribution systems	107,330	81,760
Support equipment and buildings	9,993	7,139
	118,421	89,996
Less accumulated depreciation	23,446	7,621
Property and equipment, net	94,975	82,375
Intangible assets, net	224,693	231,647
Other assets	226	19
Total assets	$327,142	$320,335
Liabilities and Parent's Investment		
Accounts payable	$ 473	$ 411
Accrued liabilities	3,291	3,186
Total liabilities	3,764	3,597
Parent's investment (Note 4)	323,378	316,738
Commitments and contingencies (Note 6)		
Total liabilities and parent's investment	$327,142	$320,335

The accompanying notes are an integral part of these combined financial statements.

GEORGIA MEDIACOM SYSTEMS
(A combination of certain assets, as defined in Note 1)

COMBINED STATEMENTS OF REVENUES AND DIRECT EXPENSES AND PARENT'S INVESTMENT
(in thousands)

	New Mediacom		Old Mediacom	
	Year ended December 31, 2000	Period from March 1 to December 31, 1999	Period from January 1 to February 28, 1999	Year ended December 31, 1998
Revenue	$ 76,750	$ 63,005	$ 11,990	$ 70,375
Direct costs and expenses:				
Operating (Note 4)	42,224	31,931	6,253	35,157
Selling, general and administrative	7,656	5,359	884	4,807
Management fees (Note 4)	3,518	2,365	308	2,463
Depreciation	15,983	9,495	1,652	9,510
Amortization	6,954	7,785	526	2,942
Excess of revenues over direct expenses	415	6,070	2,367	15,496
Parent's investment:				
Beginning of period	316,738	297,593	181,698	124,061
Change in transfers from parent, net (Note 4)	6,225	13,075	(2,356)	(15,940)
Acquisition of cable systems by subsidiaries of Tele-Communications, Inc. (Note 3)	--	--	--	58,081
End of period	$323,378	$316,738	$181,709	$181,698

The accompanying notes are an integral part of these combined financial statements.

GEORGIA MEDIACOM SYSTEMS
(A combination of certain assets, as defined in Note 1)

COMBINED STATEMENTS OF CASH FLOWS
(in thousands)

	New Mediacom		Old Mediacom	
	Year ended December 31, 2000	Period from March 1 to December 31, 1999	Period from January 1 to February 28, 1999	Year ended December 31, 1998
Cash Flows From Operating Activities				
Excess of revenues over direct expenses	$ 415	$ 6,070	$ 2,367	$ 15,496
Adjustments to reconcile excess of revenues over direct expenses to net cash provided by operating activities:				
Depreciation and amortization	22,937	17,280	2,178	12,452
Changes in operating assets and liabilities:				
(Increase) decrease in trade and other receivables	(43)	(631)	63	(170)
(Increase) decrease in other assets	(207)	103	77	(171)
Increase (decrease) in accounts payable	62	(39)	72	344
Increase (decrease) in accrued liabilities	28	1,643	(936)	(84)
Net cash provided by operating activities	23,192	24,426	3,821	27,867
Cash Flows From Investing Activities				
Capital expenditures for property and equipment	(28,506)	(35,628)	(2,133)	(11,213)
Cash Flows From Financing Activities				
Change in transfers from parent, net	6,225	13,075	(2,356)	(15,940)
Net increase (decrease) in cash and cash equivalents	911	1,873	(668)	714
Cash and cash equivalents at beginning of period	3,058	1,185	1,853	1,139
Cash and cash equivalents at end of period	$ 3,969	$ 3,058	$ 1,185	$ 1,853

The accompanying notes are an integral part of these combined financial statements.

GEORGIA MEDIACOM SYSTEMS
(A combination of certain assets, as defined in Note 1)

NOTES TO COMBINED FINANCIAL STATEMENTS

1. Basis of Presentation and Summary of Significant Accounting Policies

On February 26, 2001, subsidiaries of AT&T Corp. ("AT&T") entered into an agreement with Mediacom Communications Corporation ("Mediacom") under which such subsidiaries agreed to sell certain cable television systems serving approximately 148,000 customers, as of December 31, 2000, located in Georgia, and wholly owned by various cable subsidiaries and partnerships of AT&T, to Mediacom (the "Georgia Mediacom Systems").

The accompanying combined financial statements include the specific accounts directly related to the activities of the Georgia Mediacom Systems. All significant inter-system accounts and transactions have been eliminated in combination. The combined net assets of the Georgia Mediacom Systems are referred to as "Parent's Investment."

On March 9, 1999, AT&T acquired AT&T Broadband, LLC ("AT&T Broadband", formerly known as Tele-Communications, Inc.) in a merger (the "AT&T Merger"). In the AT&T Merger, AT&T Broadband became a subsidiary of AT&T. For financial reporting purposes, the AT&T Merger was deemed to have occurred on March 1, 1999. The combined financial statements for periods prior to March 1, 1999 include the Georgia Mediacom Systems that were then owned by Tele-Communications, Inc and are referred to herein as "Old Mediacom." The combined financial statements for periods subsequent to February 28, 1999 are referred to herein as "New Mediacom." Due to the application of purchase accounting in connection with the AT&T Merger, the predecessor combined financial statements of Old Mediacom are not comparable to the successor combined financial statements of New Mediacom. In the following text "Georgia Mediacom Systems" and "Systems" refers to both Old Mediacom and New Mediacom.

Certain costs of AT&T Broadband are charged to the Systems based primarily on Georgia Mediacom Systems' number of customers (see Note 4). Although such allocations are not necessarily indicative of the costs that would have been incurred by the Georgia Mediacom Systems on a stand alone basis, management believes that the resulting allocated amounts are reasonable.

The net assets of the Systems are held by various wholly-owned subsidiaries and partnerships of AT&T Broadband. Accordingly, the balance sheets of Georgia Mediacom Systems do not reflect all of the assets and liabilities that would be indicative of a stand-alone business. The assets, liabilities, excess of revenues over direct expenses and cash flows of Georgia Mediacom Systems could differ from reported results had Georgia Mediacom Systems operated autonomously or as an entity independent of AT&T. In particular, Georgia Mediacom Systems does not constitute a taxable entity, and therefore, no provision has been made for income tax expense or benefit in the accompanying combined financial statements. In addition, no interest expense incurred by AT&T and its subsidiaries on their debt obligations has been allocated to Georgia Mediacom Systems.

Cash and cash equivalents

Cash and cash equivalents consist of deposits with banks and financial institutions that are unrestricted as to withdrawal or use and have maturities of less than 90 days.

AT&T performs cash management functions on behalf of AT&T Broadband, including the Georgia Mediacom Systems. Substantially all of the Systems' cash balances are swept to AT&T on a daily basis, where they are managed and invested by AT&T. Transfers of cash to and from AT&T are reflected as a component of Parent's investment, with no interest income or expense reflected. Net transfers to or from AT&T are assumed to be settled in cash. AT&T's capital contributions for purchase business combinations to the Systems have been treated as non-cash transactions.

Property and Equipment

Property and equipment is stated at cost, including acquisition costs allocated to tangible assets acquired. Construction costs, labor and applicable overhead related to installations are capitalized. Interest capitalized was not significant for any periods presented.

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

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

Intangible Assets

Intangible assets consist primarily of franchise costs and other intangibles for customer relationships. Franchise costs represent the difference between AT&T Broadband's allocated historical cost of acquired assets of Georgia Mediacom Systems and amounts allocated to the tangible assets. Franchise costs and customer relationships are generally amortized on a straight-line basis over 40 and 10 years, respectively. Costs incurred by Georgia Mediacom Systems in negotiating and renewing franchise agreements are amortized on a straight-line basis over the average lives of the franchise, generally 10 to 20 years.

Impairment of Long-lived Assets

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

Revenue Recognition

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

Statement of Cash Flows

With the exception of certain system acquisitions, sales and asset transfers (see Note 3), transactions effected through the intercompany account due to (from) parent have been considered constructive cash receipts and payments for purposes of the combined statement of cash flows.

Stock-Based Compensation

Stock-based compensation is accounted for in accordance with Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees." The Systems follow the disclosure-only provisions of Statement of Financial Accounting Standard ("SFAS") No. 123, "Accounting for Stock-Based Compensation."

New Accounting Pronouncements

In December 1999, the Securities and Exchange Commission issued Staff Accounting Bulletin No. 101 (SAB No. 101), "Revenue Recognition in Financial Statements." Registrants were required to apply the accounting and disclosures described in SAB No. 101 no later than the fourth quarter of 2000. The Systems are currently in compliance with the provisions of SAB No. 101. The adoption of SAB 101 did not have an impact on the results of operations, financial position or cash flows of the Systems.

Estimates

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

2. Intangibles

Intangibles are summarized as follows:

	December 31, 2000	December 31, 1999
	(Amounts in Thousands)	
Franchise costs	$223,354	$223,354
Other intangibles	16,078	16,078
	239,432	239,432
Less accumulated amortization	14,739	7,785
Intangibles, net	$224,693	$231,647

Amortization expense on franchise costs was $4,902,000, $4,084,000, $526,000 and $2,942,000 for the year ended December 31, 2000, the period March 1, 1999 to December 31, 1999, the period January 1, 1999 to February 28, 1999 and the year ended December 31, 1998, respectively. Amortization expense for other intangibles was $2,052,000, $3,701,000, $0 and $0 for the year ended December 31, 2000, the period March 1, 1999 to December 31, 1999, the period January 1, 1999 to February 28, 1999 and the year ended December 31, 1998, respectively.

3. Business Combinations

AT&T Merger

The AT&T Merger has been accounted for using the purchase method of accounting and has been deemed to be effective as of March 1, 1999 for financial reporting purposes. Accordingly, the Georgia Mediacom Systems' portion of the allocation of AT&T's purchase price to acquire AT&T Broadband has been reflected in the combined financial statements of Georgia Mediacom Systems as of March 1, 1999.

The following table reflects the March 1, 1999 assets and liabilities of New Mediacom, as adjusted to give effect for the purchase accounting adjustments resulting from the allocation to the net assets of the Systems of AT&T's purchase price to acquire AT&T Broadband:

	(Amounts in Thousands)
Assets	
Cash	$ 1,185
Trade and other receivables	2,605
Property and equipment	56,253
Intangible assets	239,432
Other assets	122
Total assets	$299,597
Liabilities and Parent's Investment	
Accounts payable and accrued expenses	$ 2,004
Parent's investment	297,593
Total liabilities and parent's investment	$299,597

As a result of the application of purchase accounting, Georgia Mediacom Systems recorded its assets and liabilities at their fair values on March 1, 1999. The most significant purchase accounting adjustments related to intangible assets. The intangible assets include $223.3 million assigned to Georgia Mediacom Systems' franchise costs and $16.1 million related to the value attributed to customer relationships.

Acquisition

During January of 1998, Tele-Communications, Inc. paid cash to acquire a cable television system serving customers located in Georgia (the "1998 Acquisition"). The 1998 Acquisition was deemed to be effective as of January 1, 1998 for financial reporting purposes and the acquired system was recorded using the purchase method of accounting.

The cable television system acquired by Tele-Communications, Inc. in the 1998 Exchange is included in the accompanying combined financial results of Georgia Mediacom Systems and is reflected as a contribution from Tele-Communications, Inc. Accordingly, the assets, liabilities, revenues and direct expenses of such system have been reflected in the combined financial statements of Georgia Mediacom Systems since January 1, 1998.

The following table reflects the January 1, 1998 assets and liabilities of the 1998 Acquisition system contributed from Tele-Communications, Inc. to Georgia Mediacom Systems:

	(Amounts in Thousands)
Assets	
Property and equipment	$ 1,076
Intangible assets	57,005
Total assets	$58,081
Liabilities and Parent's Investment	
Parent's investment	$58,081
Total liabilities and Parent's investment	$58,081

The above operating assets and liabilities have been included in the accompanying combined financial statements at their fair values at January 1, 1998. The most significant purchase accounting adjustments related to intangible assets. The intangible assets represent franchise costs that are being amortized over 40 years.

Pro Forma Operating Results (unaudited)

The following unaudited combined revenues and excess of revenues over direct expenses were prepared assuming the AT&T Merger occurred on January 1, 1998. These pro forma amounts are not necessarily indicative of operating results that would have occurred if the AT&T Merger had occurred on January 1, 1998, nor does it intend to be a projection of future results:

	Old Mediacom	
	Period from January 1 to February 28, 1999	Year ended December 31, 1998
	(Amounts in Thousands)	
Revenue	$11,990	$70,375
Excess of revenues over direct expenses	$ 768	$ 5,900

4. Parent's Investment

Parent's investment in Georgia Mediacom Systems at December 31, 2000 and December 31, 1999 is summarized as follows:

	December 31,	
	2000	1999
	(Amounts in Thousands)	
Transfers from parent, net	$ 316,893	$ 310,668
Cumulative excess of revenues over direct expenses since March 1, 1999	6,485	6,070
	$ 323,378	$ 316,738

The non-interest bearing transfers from parent includes AT&T Broadband's equity in acquired systems, programming charges, management fees and advances for operations, acquisitions and construction costs, as well as the amounts charged as a result of the allocation of certain costs from AT&T.

As a result of AT&T Broadband's 100% ownership of Georgia Mediacom Systems, transfers from parent amounts have been classified as a component of Parent's investment in the accompanying combined balance sheets.

Georgia Mediacom Systems purchases, at AT&T Broadband's cost, certain pay television and other programming through a certain indirect subsidiary of AT&T Broadband. Charges for such programming are included in operating expenses in the accompanying combined financial statements.

Certain subsidiaries of AT&T Broadband provide administrative services to Georgia Mediacom Systems and have assumed managerial responsibility of Georgia Mediacom Systems' cable television system operations and construction. As compensation for these services, Georgia Mediacom Systems pay a monthly management fee calculated on a per-subscriber basis.

The parent transfers and expense allocation activity consists of the following:

	New Mediacom		Old Mediacom	
	Year ended December 31, 2000	Period from March 1 to December 31, 1999	Period from January 1 to February 28, 1999	Year ended December 31, 1998
	(Amounts in Thousands)			
Beginning of period	$310,668	$297,593	$165,752	$149,812
Programming charges	23,189	17,334	3,296	17,939
Management fees	3,518	2,365	308	2,463
Cable system acquisitions	--	--	--	58,081
Cash transfers	(20,482)	(6,624)	(5,960)	(62,543)
End of period	$316,893	$310,668	$163,396	$165,752

5. Employee Benefit and Stock-Based Compensation Plans

AT&T sponsors savings plans for the majority of its employees. Prior to the AT&T Merger, Tele-Communications, Inc. also sponsored savings plans for the majority of its employees. The plans allow employees to contribute a portion of their pre-tax and/or after-tax income in accordance with specified guidelines. Employee contributions are matched up to certain limits. AT&T Broadband contributions for employees of Georgia Mediacom Systems amounted to $428,000 and $595,000 for the period March 1, 1999 to December 31, 1999 and the year ended December 31, 2000, respectively. Tele-Communications, Inc. contributions for employees of Georgia Mediacom Systems amounted to $496,000 and $86,000 for the year ended December 31, 1998 and the period January 1, 1999 to February 28, 1999, respectively.

Under AT&T's 1997 Long-term Incentive Program (the "Program"), which was effective June 1, 1997, and amended on May 19, 1999 and March 14, 2000, AT&T grants stock options, performance shares, restricted stock and other awards on AT&T common stock as well as stock options on the AT&T Wireless Group tracking stock. Employees of Georgia Mediacom Systems were eligible to receive stock options under this plan effective with the AT&T Merger (see Note 1).

Under the Program, there were 150 million shares of AT&T common stock available for grant with a maximum of 22.5 million common shares that could be used for awards other than stock options. Beginning with January 1, 2000, the remaining shares available for grant at December 31 of the prior year, plus 1.75% of the shares of AT&T common stock outstanding on January 1 of each year, become available for grant. There is a maximum of 37.5 million shares that may be used for awards other than stock options. The exercise price of any stock option is equal to the stock price when the option is granted. Generally, the options vest over three or four years and are exercisable up to 10 years from the date of grant.

Under the AT&T 1996 Employee Stock Purchase Plan (the "Plan"), which was effective July 1, 1996, AT&T is authorized to sell up to 75 million shares of AT&T common stock to its eligible employees. Under the terms of the Plan, employees may have up to 10% of their earnings withheld to purchase AT&T's common stock. The purchase price of the stock on the date of exercise is 85% of the average high and low sale prices of shares on the New York Stock Exchange for that day.

The Systems apply Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees," and related interpretations in accounting for its plans. Accordingly, no compensation expense has been recognized for stock-based compensation plans for the Georgia Mediacom Systems.

The Systems have adopted the disclosure-only provisions of SFAS No. 123, "Accounting for Stock-Based Compensation." If the Systems had elected to recognize compensation costs based on the fair value at the date of grant for AT&T awards granted to Systems' employees in 2000, consistent with the provisions of SFAS No. 123, Georgia Mediacom Systems excess of direct expenses over revenues would have been adjusted to reflect additional compensation expense resulting in the following pro forma amounts:

	Year ended December 31, 2000 (Amounts in Thousands)
Excess of direct expenses over revenues......................	$(270)

AT&T granted approximately 47,250 and 15,750 stock options to Georgia Mediacom Systems employees during 2000 for AT&T stock and AT&T Wireless Group tracking stock, respectively. At the date of grant, the exercise price for AT&T options and AT&T Wireless Group tracking stock options granted to AT&T Broadband employees during 2000 was $33.81 and $27.56, respectively. The fair value at date of grant for AT&T options and AT&T Wireless Group tracking stock options granted to AT&T Broadband employees during 2000 was $10.59 and $11.74, respectively, and was estimated using the Black-Scholes option-pricing model. The following assumptions were applied for 2000 for the AT&T options and the AT&T Wireless Group tracking stock options: (i) expected dividend yield of 1.7% and 0%, respectively, (ii) expected volatility rate of 34% and 55%, respectively, (iii) risk-free interest rate of 6.24% and 6.2%, respectively, and (iv) expected life of 4 and 3 years, respectively.

6. Commitments and Contingencies

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

Although the Federal Communications Commission (the "FCC") has established regulations required by the 1992 Cable Act, local government units (commonly referred to as local franchising authorities) are primarily responsible for administering the regulation of a cable system's basic service tier.

Management of the Systems believes that it has complied in all material respects with the provisions of the 1992 Cable Act and the 1996 Act, including its rate setting provisions. If, as a result of the review process, a system cannot substantiate its rates, it could be required to retroactively reduce its rates to the appropriate benchmark and refund the excess portion of rates received.

Certain plaintiffs have filed or threatened separate class action complaints against cable systems across the United States alleging that the systems' delinquency constitutes an invalid liquidated damage provision, a breach of contract and violates local consumer protection statutes. Plaintiffs seek recovery of all late fees paid to the subject systems as a class purporting to consist of all subscribers who were assessed such fees during the applicable limitation period, plus attorney fees and costs. In December 2000, a settlement agreement was approved by the Court with respect to certain late fee class action complaints, which involves certain subscribers of Georgia Mediacom Systems. Certain other plaintiff suits, involving Georgia Mediacom Systems, remain unresolved. The December 2000 and any future settlements are not expected to have a material impact on Georgia Mediacom Systems' financial condition or excess of revenues over direct expenses.

Georgia Mediacom Systems have contingent liabilities related to legal proceedings and other matters arising in the ordinary course of business. Although it is reasonably possible Georgia Mediacom Systems may incur losses upon conclusion of such matters, an estimate of any loss or range of loss cannot be made.

Georgia Mediacom Systems leases business offices, has entered into pole rental agreements and uses certain equipment under lease arrangements. Rental expense for such arrangements amounted to $1,085,000, $718,000, $203,000 and $615,000 for the year ended December 31, 2000, the period March 1, 1999 to December 31, 1999, the period January 1, 1999 to February 28, 1999 and the year ended December 31, 1998, respectively.

Future minimum lease payments under non-cancelable operating leases for each of the next five years are summarized as follows:

December 31,	(Amounts in Thousands)
2001	$ 898
2002	977
2003	1,017
2004	937
2005	866
Thereafter	1,273

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

GEORGIA MEDIACOM SYSTEMS
(A combination of certain assets, as defined in Note 1)

COMBINED STATEMENT OF ASSETS, LIABILITIES AND PARENT'S INVESTMENT
(in thousands)

	March 31, 2001	March 31, 2000
	(unaudited)	
Assets		
Cash and cash equivalents	$ 5,505	$ 3,279
Trade and other receivables, net of allowance for doubtful accounts of $174 and $197 at March 31, 2001 and 2000, respectively	2,658	2,874
Property and equipment, at cost:		
Land	1,098	1,098
Distribution systems	108,669	90,251
Support equipment and buildings	10,150	7,655
	119,917	99,004
Less accumulated depreciation	28,050	11,461
Property and equipment, net	91,867	87,543
Intangible assets, net	222,954	229,908
Other assets	103	39
Total assets	$323,087	$323,643
Liabilities and Parent's Investment		
Accounts payable	$ 371	$ 599
Accrued liabilities	2,927	2,648
Total liabilities	3,298	3,247
Parent's investment (Note 3)	319,789	320,396
Commitments and contingencies (Note 6)		
Total liabilities and parent's investment	$323,087	$323,643

The accompanying notes are an integral part of these combined financial statements.

GEORGIA MEDIACOM SYSTEMS
(A combination of certain assets, as defined in Note 1)

COMBINED STATEMENTS OF REVENUES AND DIRECT EXPENSES AND PARENT'S INVESTMENT
(in thousands)

	Three months ended March 31, 2001	Three months ended March 31, 2000
	(unaudited)	
Revenue	$ 19,321	$ 18,977
Direct costs and expenses:		
Operating (Note 3)	10,742	9,936
Selling, general and administrative	1,645	1,863
Management fees (Note 3)	1,417	663
Restructuring charge (Note 5)	570	--
Depreciation	4,604	3,840
Amortization	1,739	1,739
Excess (shortfall) of revenue over direct expenses	(1,396)	936
Parent's investment:		
Beginning of period	323,378	316,738
Change in transfers from parent, net (Note 3)	(2,193)	2,722
End of period	$319,789	$320,396

The accompanying notes are an integral part of these combined financial statements.

GEORGIA MEDIACOM SYSTEMS
(A combination of certain assets, as defined in Note 1)

COMBINED STATEMENTS OF CASH FLOWS
(in thousands)

	Three months ended March 31, 2001	Three months ended March 31, 2000
	(unaudited)	
Cash Flows From Operating Activities		
Excess (shortfall) of revenue over direct expenses	$ (1,396)	$ 936
Adjustments to reconcile excess (shortfall) of revenue over direct expenses to net cash provided by operating activities:		
Depreciation and amortization	6,343	5,579
Restructuring charge, net of payments	259	--
Changes in operating assets and liabilities:		
Decrease in trade and other receivables	621	362
(Increase) decrease in other assets	123	(20)
Increase (decrease) in accounts payable	(102)	188
Decrease in accrued liabilities	(623)	(538)
Net cash provided by operating activities	5,225	6,507
Cash Flows From Investing Activities		
Capital expenditures for property and equipment	(1,496)	(9,008)
Cash Flows From Financing Activities		
Change in transfers from parent, net	(2,193)	2,722
Net increase in cash and cash equivalents	1,536	221
Cash and cash equivalents at beginning of period	3,969	3,058
Cash and cash equivalents at end of period	$ 5,505	$ 3,279

The accompanying notes are an integral part of these combined financial statements.

GEORGIA MEDIACOM SYSTEMS
(A combination of certain assets, as defined in Note 1)

NOTES TO COMBINED FINANCIAL STATEMENTS
(unaudited)

1. Basis of Presentation and Summary of Significant Accounting Policies

On February 26, 2001, subsidiaries of AT&T Corp. ("AT&T") entered into an agreement with Mediacom Communications Corporation ("Mediacom") under which such subsidiaries agreed to sell certain cable television systems serving approximately 148,000 customers, as of March 31, 2001, located in Georgia, and wholly owned by various cable subsidiaries and partnerships of AT&T, to Mediacom (the "Georgia Mediacom Systems" or the "Systems").

In the opinion of management, the accompanying unaudited combined financial statements include all adjustments (consisting of normal recurring items) necessary for a fair presentation of results for the interim periods presented by the Systems. The excess (shortfall) of revenue over direct expenses for any interim period is not necessarily indicative of results for the full year. The unaudited combined financial statements and footnote disclosures should be read in conjunction with the audited combined financial statements and related notes thereto for the year ended December 31, 2000.

The accompanying unaudited combined financial statements include the specific accounts directly related to the activities of the Georgia Mediacom Systems. All significant inter-system accounts and transactions have been eliminated in combination. The combined net assets of the Georgia Mediacom Systems are referred to as "Parent's Investment."

On March 9, 1999, AT&T acquired AT&T Broadband, LLC ("AT&T Broadband", formerly known as Tele-Communications, Inc.) in a merger (the "AT&T Merger"). In the AT&T Merger, AT&T Broadband became a subsidiary of AT&T. For financial reporting purposes, the AT&T Merger was deemed to have occurred on March 1, 1999.

Certain costs of AT&T Broadband are charged to the Systems based primarily on Georgia Mediacom Systems' number of customers (see Note 3). Although such allocations are not necessarily indicative of the costs that would have been incurred by the Georgia Mediacom Systems on a stand alone basis, management believes that the resulting allocated amounts are reasonable.

The net assets of the Systems are held by various wholly-owned subsidiaries and partnerships of AT&T Broadband. Accordingly, the unaudited financial statements of Georgia Mediacom Systems do not reflect all of the assets and liabilities that would be indicative of a stand-alone business. The assets, liabilities, excess of revenue over direct expenses and cash flows of Georgia Mediacom Systems could differ from reported results had Georgia Mediacom Systems operated autonomously or as an entity independent of AT&T. In particular, Georgia Mediacom Systems does not constitute a taxable entity, and therefore, no provision has been made for income tax expense or benefit in the accompanying unaudited combined financial statements. In addition, no interest expense incurred by AT&T and its subsidiaries on their debt obligations has been allocated to Georgia Mediacom Systems.

Cash and cash equivalents

Cash and cash equivalents consist of deposits with banks and financial institutions that are unrestricted as to withdrawal or use and have maturities of less than 90 days.

AT&T performs cash management functions on behalf of AT&T Broadband, including the Georgia Mediacom Systems. Substantially all of the Systems' cash balances are swept to AT&T on a daily basis, where they are managed and invested by AT&T. Transfers of cash to and from AT&T are reflected as a component of

Parent's investment, with no interest income or expense reflected. Net transfers to or from AT&T are assumed to be settled in cash. AT&T's capital contributions for purchase business combinations to the Systems have been treated as non-cash transactions.

Property and Equipment

Property and equipment is stated at cost, including acquisition costs allocated to tangible assets acquired. Construction costs, labor and applicable overhead related to installations are capitalized. Interest capitalized was not significant for any periods presented.

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

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

Intangible Assets

Intangible assets consist primarily of franchise costs and other intangibles for customer relationships. Franchise costs represent the difference between AT&T Broadband's allocated historical cost of acquired assets of Georgia Mediacom Systems and amounts allocated to the tangible assets. Franchise costs and customer relationships are generally amortized on a straight-line basis over 40 and 10 years, respectively. Costs incurred by Georgia Mediacom Systems in negotiating and renewing franchise agreements are amortized on a straight-line basis over the average lives of the franchise, generally 10 to 20 years.

Impairment of Long-lived Assets

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

Revenue Recognition

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

Statement of Cash Flows

Transactions effected through the intercompany account due to (from) parent have been considered constructive cash receipts and payments for purposes of the combined statement of cash flows.

Stock-Based Compensation

Stock-based compensation is accounted for in accordance with Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees." The Systems follow the disclosure-only provisions of Statement of Financial Accounting Standard ("SFAS") No. 123, "Accounting for Stock-Based Compensation."

Estimates

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

2. Intangibles

Intangibles are summarized as follows:

	March 31, 2001	March 31, 2000
	(Amounts in Thousands)	
Franchise costs	$223,354	$223,354
Other intangibles	16,078	16,078
	239,432	239,432
Less accumulated amortization	16,478	9,524
Intangibles, net	$222,954	$229,908

Amortization expense on franchise costs was $1,225,500 for the three months ended March 31, 2001 and 2000. Amortization expense for other intangibles was $513,500 for the three months ended March 31, 2001 and 2000.

3. Parent's Investment

Parent's investment in Georgia Mediacom Systems is summarized as follows:

	March 31, 2001	March 31, 2000
	(Amounts in Thousands)	
Transfers from parent, net	$ 314,700	$313,390
Cumulative excess of revenue over direct expenses since March 1, 1999	5,089	7,006
	$ 319,789	$320,396

The non-interest bearing transfers from parent includes AT&T Broadband's equity in acquired systems, programming charges, management fees and advances for operations, acquisitions and construction costs, as well as the amounts charged as a result of the allocation of certain costs from AT&T.

As a result of AT&T Broadband's 100% ownership of Georgia Mediacom Systems, transfers from parent amounts have been classified as a component of Parent's investment in the accompanying combined balance sheets.

Georgia Mediacom Systems purchases, at AT&T Broadband's cost, certain pay television and other programming through a certain indirect subsidiary of AT&T Broadband. Charges for such programming are included in operating expenses in the accompanying combined financial statements.

Certain subsidiaries of AT&T Broadband provide administrative services to Georgia Mediacom Systems and have assumed managerial responsibility of Georgia Mediacom Systems' cable television system operations and construction. As compensation for these services, Georgia Mediacom Systems pay a monthly management fee calculated on a per-subscriber basis.

The parent transfers and expense allocation activity consists of the following:

	Three months ended March 31, 2001	2000
	(Amounts in Thousands)	
Beginning of period	$316,893	$310,668
Programming charges	6,347	5,723
Management fees	1,417	663
Cash transfers	(9,957)	(3,664)
End of period	$314,700	$313,390

4. Employee Benefit and Stock-Based Compensation Plans

AT&T sponsors savings plans for the majority of its employees. The plan allows employees to contribute a portion of their pre-tax and/or after-tax income in accordance with specified guidelines. Employee contributions are matched up to certain limits. AT&T Broadband contributions for employees of Georgia Mediacom Systems amounted to $89,000 and $137,000 for the three months ended March 31, 2001 and 2000, respectively.

Under AT&T's 1997 Long-term Incentive Program (the "Program"), which was amended March 14, 2000, AT&T grants stock options, performance shares, restricted stock and other awards on AT&T common stock as well as stock options on the AT&T Wireless Group tracking stock. Employees of Georgia Mediacom Systems were eligible to receive stock options under this plan effective with the AT&T Merger (see Note 1).

Under the Program, there were 150 million shares of AT&T common stock available for grant with a maximum of 22.5 million common shares that could be used for awards other than stock options. Beginning with January 1, 2000, the remaining shares available for grant at December 31 of the prior year, plus 1.75% of the shares of AT&T common stock outstanding on January 1 of each year, become available for grant. There is a maximum of 37.5 million shares that may be used for awards other than stock options. The exercise price of any stock option is equal to the stock price when the option is granted. Generally, the options vest over three or four years and are exercisable up to 10 years from the date of grant. There were no stock option grants to the Systems' employees under this plan during the three months ended March 31, 2001 and 2000.

Under the AT&T 1996 Employee Stock Purchase Plan (the "Plan"), which was effective July 1, 1996, AT&T is authorized to sell up to 75 million shares of AT&T common stock to its eligible employees. Under the terms of the Plan, employees may have up to 10% of their earnings withheld to purchase AT&T's common stock. The purchase price of the stock on the date of exercise is 85% of the average high and low sale prices of shares on the New York Stock Exchange for that day. Employees of Georgia Mediacom Systems were eligible to participate in the Plan effective with the AT&T Merger (see Note 1).

5. Restructuring charge

As part of a cost reduction plan undertaken by AT&T Broadband in 2001, certain employees of the Systems were terminated, resulting in a restructuring charge of approximately $570,000 during the three months ended March 31, 2001. Terminated employees primarily performed customer service and field operations functions. The restructuring charge consists of severance and other employee benefits. As of March 31, 2001, $311,000 of the charge has been paid in cash, with the balance expected to be paid within 30 days.

6. Commitments and Contingencies

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

Although the Federal Communications Commission (the "FCC") has established regulations required by the 1992 Cable Act, local government units (commonly referred to as local franchising authorities) are primarily responsible for administering the regulation of a cable system's basic service tier.

Management of the Systems believes that it has complied in all material respects with the provisions of the 1992 Cable Act and the 1996 Act, including its rate setting provisions. If, as a result of the review process, a system cannot substantiate its rates, it could be required to retroactively reduce its rates to the appropriate benchmark and refund the excess portion of rates received.

Certain plaintiffs have filed or threatened separate class action complaints against cable systems across the United States alleging that the systems' delinquency constitutes an invalid liquidated damage provision, a breach of contract and violates local consumer protection statutes. Plaintiffs seek recovery of all late fees paid to the subject systems as a class purporting to consist of all subscribers who were assessed such fees during the applicable limitation period, plus attorney fees and costs. In December 2000, a settlement agreement was approved by the Court with respect to certain late fee class action complaints, which involves certain subscribers of Georgia Mediacom Systems. Certain other plaintiff suits, involving Georgia Mediacom Systems, remain unresolved. The December 2000 settlement and any future settlements are not expected to have a material impact on Georgia Mediacom Systems' financial condition or excess (shortfall) of revenue over direct expenses.

Georgia Mediacom Systems have contingent liabilities related to legal proceedings and other matters arising in the ordinary course of business. Although it is reasonably possible Georgia Mediacom Systems may incur losses upon conclusion of such matters, an estimate of any loss or range of loss cannot be made.

Georgia Mediacom Systems leases business offices, has entered into pole rental agreements and uses certain equipment under operating lease arrangements. Rental expense for such arrangements amounted to $209,000 and $295,000 for the three months ended March 31, 2001 and 2000, respectively. It is expected that, in the normal course of business, expiring leases will be renewed or replaced by leases on other properties.

Report of Independent Accountants

To the Board of Directors of
AT&T Broadband LLC:

In our opinion, the accompanying combined statements of assets, liabilities and parent's investment and the related combined statements of revenues and direct expenses and of parent's investment and of cash flows present fairly, in all material respects, the assets, liabilities and parent's investment of Southern Illinois Mediacom Systems (a combination of certain assets as defined in Note 1 to the combined financial statements) at December 31, 2000 and December 31, 1999, and the excess of their revenues over direct expenses and their cash flows for the year ended December 31, 2000, and the period March 1, 1999 to December 31, 1999 ("New Mediacom"), and the period January 1, 1999 to February 28, 1999 and the year ended December 31, 1998 ("Old Mediacom") in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Companies' management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with auditing standards generally accepted in the United States of America, which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As discussed in Note 1, effective March 9, 1999, AT&T Corp., the parent company of New Mediacom, acquired Tele-Communications, Inc., parent company of Old Mediacom, in a business combination accounted for as a purchase. As a result of the acquisition, the combined financial information for the periods after the acquisition is presented on a different basis than that for the periods before the acquisition and therefore, is not comparable.

PricewaterhouseCoopers LLP

Denver, Colorado
April 9, 2001

SOUTHERN ILLINOIS MEDIACOM SYSTEMS
(A combination of certain assets, as defined in Note 1)

COMBINED STATEMENT OF ASSETS, LIABILITIES AND PARENT'S INVESTMENT
(in thousands)

	December 31, 2000	December 31, 1999
Assets		
Cash and cash equivalents	$ 417	$ 254
Trade and other receivables, net of allowance for doubtful accounts of $14 and $13 at December 31, 2000 and 1999, respectively	413	529
Property and equipment, at cost:		
Land	149	146
Distribution systems	21,575	21,193
Support equipment and buildings	2,338	2,204
	24,062	23,543
Less accumulated depreciation	5,588	2,167
Property and equipment, net	18,474	21,376
Intangible assets, net	164,958	169,697
Other assets	20	18
Total assets	$184,282	$191,874
Liabilities and Parent's Investment		
Accounts payable	$ 170	$ 140
Accrued liabilities	1,212	1,213
Total liabilities	1,382	1,353
Parent's investment (Note 4)	182,900	190,521
Commitments and contingencies (Note 6)		
Total liabilities and parent's investment	$184,282	$191,874

The accompanying notes are an integral part of these combined financial statements.

SOUTHERN ILLINOIS MEDIACOM SYSTEMS
(A combination of certain assets, as defined in Note 1)

COMBINED STATEMENTS OF REVENUES AND DIRECT EXPENSES AND PARENT'S INVESTMENT
(in thousands)

	New Mediacom		Old Mediacom	
	Year ended December 31, 2000	Period from March 1 to December 31, 1999	Period from January 1 to February 28, 1999	Year ended December 31, 1998
Revenue	$ 30,335	$ 23,926	$ 4,285	$25,481
Direct costs and expenses:				
Operating (Note 4)	14,150	11,488	1,947	11,719
Selling, general and administrative	2,993	2,420	534	1,413
Management fees (Note 4)	1,634	1,216	292	852
Depreciation	3,499	2,483	554	3,354
Amortization	4,739	3,882	115	694
Excess of revenues over direct expenses	3,320	2,437	843	7,449
Parent's investment:				
Beginning of period	190,521	172,991	38,729	39,532
Change in transfers from parent, net (Note 4)	(10,941)	(8,432)	379	(8,252)
Acquisition of cable systems by AT&T Broadband (Note 3)	--	23,525	--	--
End of period	$182,900	$190,521	$39,951	$38,729

The accompanying notes are an integral part of these combined financial statements.

SOUTHERN ILLINOIS MEDIACOM SYSTEMS
(A combination of certain assets, as defined in Note 1)

COMBINED STATEMENTS OF CASH FLOWS
(in thousands)

	New Mediacom		Old Mediacom	
	Year ended December 31, 2000	Period from March 1 to December 31, 1999	Period from January 1 to February 28, 1999	Year ended December 31, 1998
Cash Flows From Operating Activities				
Excess of revenues over direct expenses.........	$ 3,320	$ 2,437	$ 843	$ 7,449
Adjustments to reconcile excess of revenues over direct expenses to net cash provided by operating activities:				
Depreciation and amortization..........	8,238	6,365	669	4,048
Changes in operating assets and liabilities:				
(Increase) decrease in trade and other receivables...........	116	(112)	(211)	162
(Increase) decrease in other assets..........	(2)	38	(18)	(4)
Increase in accounts payable...............	30	18	22	83
Increase (decrease) in accrued liabilities...	15	643	(561)	61
Net cash provided by operating activities..........	11,717	9,389	744	11,799
Cash Flows From Investing Activities				
Capital expenditures for property and equipment............	(613)	(1,226)	(1,029)	(3,610)
Cash Flows From Financing Activities				
Change in transfers from parent, net......	(10,941)	(8,432)	379	(8,252)
Net increase (decrease) in cash and cash equivalents............	163	(269)	94	(63)
Cash and cash equivalents at beginning of period..	254	523	429	492
Cash and cash equivalents at end of period........	$ 417	$ 254	$ 523	$ 429

The accompanying notes are an integral part of these combined financial statements.

SOUTHERN ILLINOIS MEDIACOM SYSTEMS
(A combination of certain assets, as defined in Note 1)

NOTES TO COMBINED FINANCIAL STATEMENTS

1. Basis of Presentation and Summary of Significant Accounting Policies

On February 26, 2001, subsidiaries of AT&T Corp. ("AT&T") entered into an agreement with Mediacom Communications Corporation ("Mediacom") under which such subsidiaries agreed to sell certain cable television systems serving approximately 55,000 customers, as of December 31, 2000, located primarily in Southern Illinois, and wholly owned by various cable subsidiaries and partnerships of AT&T, to Mediacom (the "Southern Illinois Mediacom Systems").

The accompanying combined financial statements include the specific accounts directly related to the activities of the Southern Illinois Mediacom Systems. All significant inter-system accounts and transactions have been eliminated in combination. The combined net assets of the Southern Illinois Mediacom Systems are referred to as "Parent's Investment."

On March 9, 1999, AT&T acquired AT&T Broadband, LLC ("AT&T Broadband", formerly known as Tele-Communications, Inc.) in a merger (the "AT&T Merger"). In the AT&T Merger, AT&T Broadband became a subsidiary of AT&T. For financial reporting purposes, the AT&T Merger was deemed to have occurred on March 1, 1999. The combined financial statements for periods prior to March 1, 1999 include the Southern Illinois Mediacom Systems that were then owned by Tele-Communications, Inc. and are referred to herein as "Old Mediacom." The combined financial statements for periods subsequent to February 28, 1999 are referred to herein as "New Mediacom." Due to the application of purchase accounting in connection with the AT&T Merger, the predecessor combined financial statements of Old Mediacom are not comparable to the successor combined financial statements of New Mediacom. In the following text, "Southern Illinois Mediacom Systems" and "Systems" refers to both Old Mediacom and New Mediacom.

As further described in Note 3, certain of the cable systems included in the combined financial statements for periods after March 1, 1999 were acquired by AT&T and its subsidiaries in 1999. The Southern Illinois Mediacom Systems combined financial statements include the assets, liabilities and results of operations for such cable systems since their acquisition date.

The net assets of the Systems are held by various wholly-owned subsidiaries and partnerships of AT&T Broadband. Accordingly, the balance sheets of Southern Illinois Mediacom Systems do not reflect all of the assets and liabilities that would be indicative of a stand-alone business. The assets, liabilities, excess of revenues over direct expenses and cash flows of Southern Illinois Mediacom Systems could differ from reported results had Southern Illinois Mediacom Systems operated autonomously or as an entity independent of AT&T. In particular, Southern Illinois Mediacom Systems does not constitute a taxable entity, and therefore, no provision has been made for income tax expense or benefit in the accompanying combined financial statements. In addition, no interest expense incurred by AT&T and its subsidiaries on their debt obligations has been allocated to Southern Illinois Mediacom Systems.

Certain costs of AT&T Broadband are charged to the Systems based primarily on Southern Illinois Mediacom Systems' number of customers (see Note 4). Although such allocations are not necessarily indicative of the costs that would have been incurred by the Southern Illinois Mediacom Systems on a stand alone basis, management believes that the resulting allocated amounts are reasonable.

Cash and cash equivalents

Cash and cash equivalents consist of deposits with banks and financial institutions that are unrestricted as to withdrawal or use and have maturities of less than 90 days.

AT&T performs cash management functions on behalf of AT&T Broadband, including the Southern Illinois Mediacom Systems. Substantially all of the Systems' cash balances are swept to AT&T on a daily basis, where they are managed and invested by AT&T. Transfers of cash to and from AT&T are reflected as a component of Parent's investment, with no interest income or expense reflected. Net transfers to or from AT&T are assumed to be settled in cash. AT&T's capital contributions for purchase business combinations to the Systems have been treated as non-cash transactions.

Property and Equipment

Property and equipment is stated at cost, including acquisition costs allocated to tangible assets acquired. Construction costs, labor and applicable overhead related to installations are capitalized. Interest capitalized was not significant for any periods presented.

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

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

Intangible Assets

Intangible assets consist primarily of franchise costs and intangibles for customer relationships. Franchise costs represent the difference between AT&T Broadband's allocated historical cost of acquired assets of Southern Illinois Mediacom Systems and amounts allocated to the tangible assets. Franchise costs and customer relationships are generally amortized on a straight-line basis over 40 and 10 years, respectively. Costs incurred by Southern Illinois Mediacom Systems in negotiating and renewing franchise agreements are amortized on a straight-line basis over the average lives of the franchise, generally 10 to 20 years.

Impairment of Long-lived Assets

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

Revenue Recognition

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

Statement of Cash Flows

With the exception of certain system acquisitions, sales and asset transfers (see Note 3), transactions effected through the intercompany account due to (from) parent have been considered constructive cash receipts and payments for purposes of the combined statement of cash flows.

Stock-Based Compensation

Stock-based compensation is accounted for in accordance with Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees." The Systems follow the disclosure-only provisions of Statement of Financial Accounting Standard ("SFAS") No. 123, "Accounting for Stock-Based Compensation."

New Accounting Pronouncements

In December 1999, the Securities and Exchange Commission issued Staff Accounting Bulletin No. 101 (SAB No. 101), "Revenue Recognition in Financial Statements." Registrants were required to apply the accounting and disclosures described in SAB No. 101 no later than the fourth quarter of 2000. The Systems are currently in compliance with the provisions of SAB No. 101. The adoption of SAB 101 did not have an impact on the results of operations, financial position or cash flows of the Systems.

Estimates

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

2. Intangibles

Intangibles are summarized as follows:

	December 31, 2000	December 31, 1999
	(Amounts in Thousands)	
Franchise costs	$ 166,559	$ 166,559
Other intangibles	7,020	7,020
	173,579	173,579
Less accumulated amortization	8,621	3,882
Intangibles, net	$ 164,958	$ 169,697

Amortization expense on franchise costs was $3,987,000, $3,255,000, $115,000 and $694,000 for the year ended December 31, 2000, the period March 1, 1999 to December 31, 1999, the period January 1, 1999 to February 28, 1999 and the year ended December 31, 1998, respectively. Amortization expense for other intangibles was $752,000, $627,000, $0 and $0 for the year ended December 31, 2000, the period March 1, 1999 to December 31, 1999, the period January 1, 1999 to February 28, 1999 and the year ended December 31, 1998, respectively.

3. Business Combinations

AT&T Merger

The AT&T Merger has been accounted for using the purchase method of accounting and has been deemed to be effective as of March 1, 1999 for financial reporting purposes. Accordingly, the Southern Illinois Mediacom Systems' portion of the allocation of AT&T's purchase price to acquire AT&T Broadband has been reflected in the combined financial statements of Southern Illinois Mediacom Systems as of March 1, 1999.

The following table reflects the March 1, 1999 assets and liabilities of New Mediacom, as adjusted to give effect for the purchase accounting adjustments resulting from the allocation to the net assets of the Systems of AT&T's purchase price to acquire AT&T Broadband:

	(Amounts in Thousands)
Assets	
Cash	$ 471
Trade and other receivables	1,364
Property and equipment	13,518
Intangible assets	158,338
Other assets	75
Total assets	$173,766
Liabilities and Parent's Investment	
Accounts payable and accrued expenses	$ 775
Parent's investment	172,991
Total liabilities and parent's investment	$173,766

As a result of the application of purchase accounting, Southern Illinois Mediacom Systems recorded its assets and liabilities at their fair values on March 1, 1999. The most significant purchase accounting adjustments related to intangible assets. The intangible assets include $151.3 million assigned to Southern Illinois Mediacom Systems' franchise costs and $7.0 million related to the value attributed to customer relationships.

Exchange

During June of 1999, AT&T Broadband paid cash and traded cable television systems in exchange for cable television systems serving customers located in Southern Illinois (the "1999 Exchange"). The 1999 Exchange was consummated pursuant to an agreement that was executed in November 1998. The 1999 Exchange was deemed to be effective as of June 1, 1999 for financial reporting purposes and the acquired systems were recorded using the purchase method of accounting.

Certain of the cable television systems acquired by AT&T Broadband in the 1999 Exchange are included in the accompanying combined financial results of Southern Illinois Mediacom Systems and are reflected as a contribution from AT&T Broadband. Accordingly, the assets, liabilities, revenues and direct expenses of such systems have been reflected in the combined financial statements of Southern Illinois Mediacom Systems since June 1, 1999.

The following table reflects the June 1, 1999 assets and liabilities of the 1999 Exchange systems contributed from AT&T Broadband to Southern Illinois Mediacom Systems:

	(Amounts in Thousands)
Assets	
Property and equipment	$ 8,284
Intangible assets	15,241
Total assets	$23,525
Liabilities and parent's Investment	
Parent's investment	$23,525
Total liabilities and parent's investment	$23,525

The above operating assets and liabilities have been included in the accompanying combined financial statements at their fair values at June 1, 1999. The most significant purchase accounting adjustments related to intangible assets. The intangible assets include approximately $15.2 million of franchise costs that are being amortized over 40 years.

Pro Forma Operating Results (unaudited)

The following unaudited combined revenues and excess of revenues over direct expenses were prepared assuming the AT&T Merger and the 1999 Exchange occurred on January 1, 1998. These pro forma amounts are not necessarily indicative of operating results that would have occurred if the AT&T Merger and the 1999 Exchange had occurred on January 1, 1998, nor does it intend to be a projection of future results:

	New Mediacom	Old Mediacom	
	Period from March 1 to December 31, 1999	Period from January 1 to February 28, 1999	Year ended December 31, 1998
	(Amounts in Thousands)		
Revenue	$24,195	$4,393	$26,126
Excess of revenues over direct expenses	$ 2,099	$ 60	$ 2,315

4. Parent's Investment

Parent's investment in Southern Illinois Mediacom Systems at December 31, 2000 and December 31, 1999 is summarized as follows:

	December 31, 2000	December 31, 1999
	(Amounts in Thousands)	
Transfers from parent, net	$177,143	$188,084
Cumulative excess of revenues over direct expenses since March 1, 1999	5,757	2,437
	$182,900	$190,521

The non-interest bearing transfers from parent includes AT&T Broadband's equity in acquired systems, programming charges, management fees and advances for operations, acquisitions and construction costs, as well as the amounts charged as a result of the allocation of certain costs from AT&T.

As a result of AT&T Broadband's 100% ownership of Southern Illinois Mediacom Systems, transfers from parent amounts have been classified as a component of Parent's investment in the accompanying combined balance sheets.

Southern Illinois Mediacom Systems purchases, at AT&T Broadband's cost, certain pay television and other programming through a certain indirect subsidiary of AT&T Broadband. Charges for such programming are included in operating expenses in the accompanying combined financial statements.

Certain subsidiaries of AT&T Broadband provide administrative services to Southern Illinois Mediacom Systems and have assumed managerial responsibility of Southern Illinois Mediacom Systems' cable television system operations and construction. As compensation for these services, Southern Illinois Mediacom Systems pay a monthly management fee calculated on a per-subscriber basis.

The parent transfers and expense allocation activity consist of the following:

	New Mediacom		Old Mediacom	
	Year ended December 31, 2000	Period from March 1 to December 31, 1999	Period from January 1 to February 28, 1999	Year ended December 31, 1998
	(Amounts in Thousands)			
Beginning of period	$188,084	$172,991	$31,419	$ 39,671
Programming charges	7,527	5,548	1,100	5,829
Management fees	1,634	1,216	292	852
Cable system acquisitions	--	23,525	--	--
Cash transfers	(20,102)	(15,196)	(1,013)	(14,933)
End of period	$177,143	$188,084	$31,798	$ 31,419

5. Employee Benefit and Stock-Based Compensation Plans

AT&T sponsors savings plans for the majority of its employees. Prior to the AT&T Merger, Tele-Communications, Inc. also sponsored savings plans for the majority of its employees. The plans allow employees to contribute a portion of their pre-tax and/or after-tax income in accordance with specified guidelines. Employee contributions are matched up to certain limits. AT&T Broadband contributions for employees of Southern Illinois Mediacom Systems amounted to $228,000 and $283,000 for the period March 1, 1999 to December 31, 1999 and the year ended December 31, 2000, respectively. Tele-Communications, Inc. contributions for employees of Southern Illinois Mediacom Systems amounted to $263,000 and $45,600 for the year ended December 31, 1998 and the period January 1, 1999 to February 28, 1999, respectively.

Under AT&T's 1997 Long-term Incentive Program (the "Program"), which was effective June 1, 1997, and amended on May 19, 1999 and March 14, 2000, AT&T grants stock options, performance shares, restricted stock and other awards on AT&T common stock as well as stock options on the AT&T Wireless Group tracking stock. Employees of Southern Illinois Mediacom Systems were eligible to receive stock options under this plan effective with the AT&T Merger (see Note 1).

Under the Program, there were 150 million shares of AT&T common stock available for grant with a maximum of 22.5 million common shares that could be used for awards other than stock options. Beginning with January 1, 2000, the remaining shares available for grant at December 31 of the prior year, plus 1.75% of the shares of AT&T common stock outstanding on January 1 of each year, become available for grant. There is a maximum of 37.5 million shares that may be used for awards other than stock options. The exercise price of any stock option is equal to the stock price when the option is granted. Generally, the options vest over three or four years and are exercisable up to 10 years from the date of grant.

Under the AT&T 1996 Employee Stock Purchase Plan (the "Plan"), which was effective July 1, 1996, AT&T is authorized to sell up to 75 million shares of AT&T common stock to its eligible employees. Under the terms of the Plan, employees may have up to 10% of their earnings withheld to purchase AT&T's common stock. The purchase price of the stock on the date of exercise is 85% of the average high and low sale prices of shares on the New York Stock Exchange for that day.

The Systems apply Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees," and related interpretations in accounting for its plans. Accordingly, no compensation expense has been recognized for stock-based compensation plans for the Southern Illinois Mediacom Systems.

The Systems have adopted the disclosure-only provisions of SFAS No. 123, "Accounting for Stock-Based Compensation." If the Systems had elected to recognize compensation costs based on the fair value at the date of grant for AT&T awards granted to Systems' employees in 2000, consistent with the provisions of SFAS No. 123, Southern Illinois Mediacom Systems' excess revenues over direct expenses would have been adjusted to reflect additional compensation expense resulting in the following pro forma amounts:

	Year ended December 31, 2000 (Amounts in Thousands)
Excess of revenues over direct expenses	$3,063

AT&T granted approximately 17,700 and 5,900 stock options to Missouri Mediacom Systems' employees during 2000 for AT&T stock and AT&T Wireless Group tracking stock, respectively. At the date of grant, the exercise price for AT&T options and AT&T Wireless Group tracking stock options granted to AT&T Broadband employees during 2000 was $33.81 and $27.56, respectively. The fair value at date of grant for AT&T options and AT&T Wireless Group tracking stock options granted to AT&T Broadband employees during 2000 was $10.59 and $11.74, respectively, and was estimated using the Black-Scholes option-pricing model. The following assumptions were applied for 2000 for the AT&T options and the AT&T Wireless Group tracking stock options: (i) expected dividend yield of 1.7% and 0%, respectively, (ii) expected volatility rate of 34% and 55%, respectively, (iii) risk-free interest rate of 6.24% and 6.2%, respectively, and (iv) expected life of 4 and 3 years, respectively.

6. Commitments and Contingencies

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

Although the Federal Communications Commission (the "FCC") has established regulations required by the 1992 Cable Act, local government units (commonly referred to as local franchising authorities) are primarily responsible for administering the regulation of a cable system's basic service tier.

Management of the Systems believes that it has complied in all material respects with the provisions of the 1992 Cable Act and the 1996 Act, including its rate setting provisions. If, as a result of the review process, a system cannot substantiate its rates, it could be required to retroactively reduce its rates to the appropriate benchmark and refund the excess portion of rates received.

Certain plaintiffs have filed or threatened separate class action complaints against cable systems across the United States alleging that the systems' delinquency constitutes an invalid liquidated damage provision, a breach of contract and violates local consumer protection statutes. Plaintiffs seek recovery of all late fees paid to the subject systems as a class purporting to consist of all subscribers who were assessed such fees during the applicable limitation period, plus attorney fees and costs. In December 2000, a settlement agreement was approved by the Court with respect to certain late fee class action complaints, which involves certain subscribers of Southern Illinois Mediacom Systems. Certain other plaintiff suits, involving Southern Illinois Mediacom Systems, remain unresolved. The December 2000 and any future settlements are not expected to have a material impact on Southern Illinois Mediacom Systems' financial condition or excess of revenues over direct expenses.

Southern Illinois Mediacom Systems have contingent liabilities related to legal proceedings and other matters arising in the ordinary course of business. Although it is reasonably possible, Southern Illinois Mediacom Systems may incur losses upon conclusion of such matters, an estimate of any loss or range of loss cannot be made.

Southern Illinois Mediacom Systems leases business offices, has entered into pole rental agreements and uses certain equipment under lease arrangements. Rental expense for such arrangements amounted to $171,000, $177,000, $26,000 and $115,000 for the year ended December 31, 2000, the period March 1, 1999 to December 31, 1999, the period January 1, 1999 to February 28, 1999 and the year ended December 31, 1998, respectively.

Future minimum lease payments under non-cancelable operating leases for each of the next five years are summarized as follows:

December 31,	(Amounts in Thousands)
2001	$119
2002	98
2003	98
2004	92
2005	72
Thereafter	--

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

SOUTHERN ILLINOIS MEDIACOM SYSTEMS
(A combination of certain assets, as defined in Note 1)

COMBINED STATEMENT OF ASSETS, LIABILITIES AND PARENT'S INVESTMENT
(in thousands)

	March 31, 2001	March 31, 2000
	(unaudited)	
Assets		
Cash and cash equivalents	$ 1,274	$ 520
Trade and other receivables, net of allowance for doubtful accounts of $122 and $66 at March 31, 2001 and 2000, respectively	822	480
Property and equipment, at cost:		
Land	153	146
Distribution systems	22,738	21,625
Support equipment and buildings	2,409	2,254
	25,300	24,025
Less accumulated depreciation	6,452	3,008
Property and equipment, net	18,848	21,017
Intangible assets, net	163,773	168,512
Other assets	117	100
Total assets	$184,834	$190,629
Liabilities and Parent's Investment		
Accounts payable	$ 259	$ 216
Accrued liabilities	966	935
Total liabilities	1,225	1,151
Parent's investment (Note 3)	183,609	189,478
Commitments and contingencies (Note 5)		
Total liabilities and parent's investment	$184,834	$190,629

The accompanying notes are an integral part of these combined financial statements.

SOUTHERN ILLINOIS MEDIACOM SYSTEMS
(A combination of certain assets, as defined in Note 1)

COMBINED STATEMENTS OF REVENUES AND
DIRECT EXPENSES AND PARENT'S INVESTMENT
(in thousands)

	Three months ended March 31, 2001	Three months ended March 31, 2000
	(unaudited)	
Revenue	$ 6,843	$ 6,810
Direct costs and expenses:		
Operating (Note 3)	3,462	3,214
Selling, general and administrative	619	587
Management fees (Note 3)	651	365
Depreciation	864	841
Amortization	1,185	1,185
Excess of revenue over direct expenses	62	618
Parent's investment:		
Beginning of period	182,900	190,521
Change in transfers from parent, net (Note 3)	647	(1,661)
End of period	$183,609	$189,478

The accompanying notes are an integral part of these combined financial statements.

SOUTHERN ILLINOIS MEDIACOM SYSTEMS
(A combination of certain assets, as defined in Note 1)

COMBINED STATEMENTS OF CASH FLOWS
(in thousands)

	Three months ended March 31, 2001 (unaudited)	Three months ended March 31, 2000 (unaudited)
Cash Flows From Operating Activities		
Excess of revenue over direct expenses	$ 62	$ 618
Adjustments to reconcile excess of revenue over direct expenses to net cash provided by operating activities:		
Depreciation and amortization	2,049	2,026
Changes in operating assets and liabilities:		
(Increase) decrease in trade and other receivables	(409)	49
Increase in other assets	(97)	(82)
Increase in accounts payable	89	76
Decrease in accrued liabilities	(246)	(278)
Net cash provided by operating activities	1,448	2,409
Cash Flows From Investing Activities		
Capital expenditures for property and equipment	(1,238)	(482)
Cash Flows From Financing Activities		
Change in transfers from parent, net	647	(1,661)
Net increase in cash and cash equivalents	857	266
Cash and cash equivalents at beginning of period	417	254
Cash and cash equivalents at end of period	$ 1,274	$ 520

The accompanying notes are an integral part of these combined financial statements.

SOUTHERN ILLINOIS MEDIACOM SYSTEMS
(A combination of certain assets, as defined in Note 1)

NOTES TO COMBINED FINANCIAL STATEMENTS
(unaudited)

1. Basis of Presentation and Summary of Significant Accounting Policies

On February 26, 2001, subsidiaries of AT&T Corp. ("AT&T") entered into an agreement with Mediacom Communications Corporation ("Mediacom") under which such subsidiaries agreed to sell certain cable television systems serving approximately 55,000 customers, as of March 31, 2001, located primarily in Southern Illinois, and wholly owned by various cable subsidiaries and partnerships of AT&T, to Mediacom (the "Southern Illinois Mediacom Systems" or the "Systems").

In the opinion of management, the accompanying unaudited combined financial statements include all adjustments (consisting of normal recurring items) necessary for a fair presentation of results for the interim periods presented by the Systems. The excess of revenue over direct expenses for any interim period is not necessarily indicative of results for the full year. The unaudited combined financial statements and footnote disclosures should be read in conjunction with the audited combined financial statements and related notes thereto for the year ended December 31, 2000.

The accompanying unaudited combined financial statements include the specific accounts directly related to the activities of the Southern Illinois Mediacom Systems. All significant inter-system accounts and transactions have been eliminated in combination. The combined net assets of the Southern Illinois Mediacom Systems are referred to as "Parent's Investment."

On March 9, 1999, AT&T acquired AT&T Broadband, LLC ("AT&T Broadband", formerly known as Tele-Communications, Inc.) in a merger (the "AT&T Merger"). In the AT&T Merger, AT&T Broadband became a subsidiary of AT&T. For financial reporting purposes, the AT&T Merger was deemed to have occurred on March 1, 1999.

Certain costs of AT&T Broadband are charged to the Systems based primarily on Southern Illinois Mediacom Systems' number of customers (see Note 3). Although such allocations are not necessarily indicative of the costs that would have been incurred by the Southern Illinois Mediacom Systems on a stand-alone basis, management believes that the resulting allocated amounts are reasonable.

The net assets of the Systems are held by various wholly-owned subsidiaries and partnerships of AT&T Broadband. Accordingly, the unaudited financial statements of Southern Illinois Mediacom Systems do not reflect all of the assets and liabilities that would be indicative of a stand-alone business. The assets, liabilities, excess of revenue over direct expenses and cash flows of Southern Illinois Mediacom Systems could differ from reported results had Southern Illinois Mediacom Systems operated autonomously or as an entity independent of AT&T. In particular, Southern Illinois Mediacom Systems does not constitute a taxable entity and, therefore, no provision has been made for income tax expense or benefit in the accompanying unaudited combined financial statements. In addition, no interest expense incurred by AT&T and its subsidiaries on their debt obligations has been allocated to Southern Illinois Mediacom Systems.

Cash and cash equivalents

Cash and cash equivalents consist of deposits with banks and financial institutions that are unrestricted as to withdrawal or use and have maturities of less than 90 days.

AT&T performs cash management functions on behalf of AT&T Broadband, including the Southern Illinois Mediacom Systems. Substantially all of the Systems' cash balances are swept to AT&T on a daily basis, where they are managed and invested by AT&T. Transfers of cash to and from AT&T are reflected as a component of Parent's investment, with no interest income or expense reflected. Net transfers to or from AT&T are assumed to be settled in cash. AT&T's capital contributions for purchase business combinations to the Systems have been treated as non-cash transactions.

Property and Equipment

Property and equipment is stated at cost, including acquisition costs allocated to tangible assets acquired. Construction costs, labor and applicable overhead related to installations are capitalized. Interest capitalized was not significant for any periods presented.

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

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

Intangible Assets

Intangible assets consist primarily of franchise costs and intangibles for customer relationships. Franchise costs represent the difference between AT&T Broadband's allocated historical cost of acquired assets of Southern Illinois Mediacom Systems and amounts allocated to the tangible assets. Franchise costs and customer relationships are generally amortized on a straight-line basis over 40 and 10 years, respectively. Costs incurred by Southern Illinois Mediacom Systems in negotiating and renewing franchise agreements are amortized on a straight-line basis over the average lives of the franchise, generally 10 to 20 years.

Impairment of Long-lived Assets

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

Revenue Recognition

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

Statement of Cash Flows

Transactions effected through the intercompany account due to (from) parent have been considered constructive cash receipts and payments for purposes of the combined statement of cash flows.

Stock-Based Compensation

Stock-based compensation is accounted for in accordance with Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees." The Systems follow the disclosure-only provisions of Statement of Financial Accounting Standard ("SFAS") No. 123, "Accounting for Stock-Based Compensation."

Estimates

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

2. Intangibles

Intangibles are summarized as follows:

	March 31, 2001	March 31, 2000
	(Amounts in Thousands)	
Franchise costs	$ 166,559	$ 166,559
Other intangibles	7,020	7,020
	173,579	173,579
Less accumulated amortization	9,806	5,067
Intangibles, net	$ 163,773	$ 168,512

Amortization expense on franchise costs was $997,000 for the three months ended March 31, 2001 and 2000. Amortization expense for other intangibles was $188,000 for the three months ended March 31, 2001 and 2000.

3. Parent's Investment

Parent's investment in Southern Illinois Mediacom Systems is summarized as follows:

	March 31, 2001	March 31, 2000
	(Amounts in Thousands)	
Transfers from parent, net	$177,790	$186,423
Cumulative excess of revenue over direct expenses since March 1, 1999	5,819	3,055
	$183,609	$189,478

The non-interest bearing transfers from parent includes AT&T Broadband's equity in acquired systems, programming charges, management fees and advances for operations, acquisitions and construction costs, as well as the amounts charged as a result of the allocation of certain costs from AT&T.

As a result of AT&T Broadband's 100% ownership of Southern Illinois Mediacom Systems, transfers from parent amounts have been classified as a component of Parent's investment in the accompanying combined balance sheets.

Southern Illinois Mediacom Systems purchases, at AT&T Broadband's cost, certain pay television and other programming through a certain indirect subsidiary of AT&T Broadband. Charges for such programming are included in operating expenses in the accompanying combined financial statements.

Certain subsidiaries of AT&T Broadband provide administrative services to Southern Illinois Mediacom Systems and have assumed managerial responsibility of Southern Illinois Mediacom Systems' cable television system operations and construction. As compensation for these services, Southern Illinois Mediacom Systems pay a monthly management fee calculated on a per-subscriber basis.

The parent transfers and expense allocation activity consists of the following:

	Three months ended March 31,	
	2001	2000
	(Amounts in Thousands)	
Beginning of period	$ 177,143	$ 188,084
Programming charges	1,939	2,174
Management fees	651	365
Cash transfers	(1,943)	(4,200)
End of period	$ 177,790	$ 186,423

4. Employee Benefit and Stock-Based Compensation Plans

AT&T sponsors savings plans for the majority of its employees. The plan allows employees to contribute a portion of their pre-tax and/or after-tax income in accordance with specified guidelines. Employee contributions are matched up to certain limits. AT&T Broadband contributions for employees of Southern Illinois Mediacom Systems amounted to $37,000 and $63,000 for the three months ended March 31, 2001 and 2000, respectively.

Under AT&T's 1997 Long-term Incentive Program (the "Program"), which was amended March 14, 2000, AT&T grants stock options, performance shares, restricted stock and other awards on AT&T common stock as well as stock options on the AT&T Wireless Group tracking stock. Employees of Southern Illinois Mediacom Systems were eligible to receive stock options under this plan effective with the AT&T Merger (see Note 1).

Under the Program, there were 150 million shares of AT&T common stock available for grant with a maximum of 22.5 million common shares that could be used for awards other than stock options. Beginning with January 1, 2000, the remaining shares available for grant at December 31 of the prior year, plus 1.75% of the shares of AT&T common stock outstanding on January 1 of each year, become available for grant. There is a maximum of 37.5 million shares that may be used for awards other than stock options. The exercise price of any stock option is equal to the stock price when the option is granted. Generally, the options vest over three or four years and are exercisable up to 10 years from the date of grant. There were no stock option grants to the Systems' employees under this plan during the three months ended March 31, 2001 and 2000.

Under the AT&T 1996 Employee Stock Purchase Plan (the "Plan"), which was effective July 1, 1996, AT&T is authorized to sell up to 75 million shares of AT&T common stock to its eligible employees. Under the terms of the Plan, employees may have up to 10% of their earnings withheld to purchase AT&T's common stock. The purchase price of the stock on the date of exercise is 85% of the average high and low sale prices of shares on the New York Stock Exchange for that day. Employees of Southern Illinois Mediacom Systems were eligible to participate in the Plan effective with the AT&T Merger (see Note 1).

5. Commitments and Contingencies

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

Although the Federal Communications Commission (the "FCC") has established regulations required by the 1992 Cable Act, local government units (commonly referred to as local franchising authorities) are primarily responsible for administering the regulation of a cable system's basic service tier.

Management of the Systems believes that it has complied in all material respects with the provisions of the 1992 Cable Act and the 1996 Act, including its rate setting provisions. If, as a result of the review process, a system cannot substantiate its rates, it could be required to retroactively reduce its rates to the appropriate benchmark and refund the excess portion of rates received.

Certain plaintiffs have filed or threatened separate class action complaints against cable systems across the United States alleging that the systems' delinquency constitutes an invalid liquidated damage provision, a breach of contract and violates local consumer protection statutes. Plaintiffs seek recovery of all late fees paid to the subject systems as a class purporting to consist of all subscribers who were assessed such fees during the applicable limitation period, plus attorney fees and costs. In December 2000, a settlement agreement was approved by the Court with respect to certain late fee class action complaints, which involves certain subscribers of Southern Illinois Mediacom Systems. Certain other plaintiff suits, involving Southern Illinois Mediacom Systems, remain unresolved. The December 2000 settlement and any future settlements are not expected to have a material impact on Southern Illinois Mediacom Systems' financial condition or excess of revenue over direct expenses.

Southern Illinois Mediacom Systems have contingent liabilities related to legal proceedings and other matters arising in the ordinary course of business. Although it is reasonably possible, Southern Illinois Mediacom Systems may incur losses upon conclusion of such matters, an estimate of any loss or range of loss cannot be made.

Southern Illinois Mediacom Systems leases business offices, has entered into pole rental agreements and uses certain equipment under operating lease arrangements. Rental expense for such arrangements amounted to $35,000 and $50,000 for the three months ended March 31, 2001 and 2000, respectively.

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

Report of Independent Accountants

To the Board of Directors of
AT&T Broadband LLC:

In our opinion, the accompanying combined statements of assets, liabilities and parent's investment and the related combined statements of revenues and direct expenses and of parent's investment and of cash flows present fairly, in all material respects, the assets, liabilities and parent's investment of Iowa Mediacom Systems (a combination of certain assets as defined in Note 1 to the combined financial statements) at December 31, 2000 and December 31, 1999, and the excess of their revenues over direct expenses and their cash flows for the year ended December 31, 2000, and the period March 1, 1999 to December 31, 1999 ("New Mediacom"), and the period January 1, 1999 to February 28, 1999 and the year ended December 31, 1998 ("Old Mediacom") in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Companies' management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with auditing standards generally accepted in the United States of America, which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As discussed in Note 1, effective March 9, 1999, AT&T Corp., the parent company of New Mediacom, acquired Tele-Communications, Inc., parent company of Old Mediacom, in a business combination accounted for as a purchase. As a result of the acquisition, the combined financial information for the periods after the acquisition is presented on a different basis than that for the periods before the acquisition and therefore, is not comparable.

PricewaterhouseCoopers LLP

Denver, Colorado
April 9, 2001

IOWA MEDIACOM SYSTEMS
(A combination of certain assets, as defined in Note 1)

COMBINED STATEMENT OF ASSETS, LIABILITIES AND PARENT'S INVESTMENT
(in thousands)

	December 31, 2000	December 31, 1999
Assets		
Cash and cash equivalents	$ 13,363	$ 12,168
Trade and other receivables, net of allowance for doubtful accounts of $1,305 and $721 at December 31, 2000 and 1999, respectively	11,385	8,846
Property and equipment, at cost:		
Land	2,395	2,369
Distribution systems	347,355	263,935
Support equipment and buildings	29,618	24,066
	379,368	290,370
Less accumulated depreciation	65,918	22,538
Property and equipment, net	313,450	267,832
Intangible assets, net	1,150,437	1,196,293
Other assets	6,626	6,919
Total assets	$1,495,261	$1,492,058
Liabilities and Parent's Investment		
Accounts payable	$ 2,421	$ 3,135
Accrued liabilities	14,731	12,600
Total liabilities	17,152	15,735
Parent's investment (Note 4)	1,478,109	1,476,323
Commitments and contingencies (Note 6)		
Total liabilities and parent's investment	$1,495,261	$1,492,058

The accompanying notes are an integral part of these combined financial statements.

IOWA MEDIACOM SYSTEMS
(A combination of certain assets, as defined in Note 1)

COMBINED STATEMENTS OF REVENUES AND
DIRECT EXPENSES AND PARENT'S INVESTMENT
(in thousands)

	New Mediacom		Old Mediacom	
	Year ended December 31, 2000	Period from March 1 to December 31, 1999	Period from January 1 to February 28, 1999	Year ended December 31, 1998
Revenue	$ 279,392	$ 209,067	$ 39,448	$228,585
Direct costs and expenses:				
Operating (Note 4)	141,353	105,343	19,589	98,142
Selling, general and administrative	24,359	23,408	3,477	19,976
Management fees (Note 4)	15,041	8,320	1,166	7,745
Depreciation	44,495	25,763	4,574	26,608
Amortization	45,856	29,018	2,001	11,858
Excess of revenues over direct expenses	8,288	17,215	8,641	64,256
Parent's investment:				
Beginning of period	1,476,323	1,406,123	572,112	535,962
Change in transfers from parent, net (Note 4)	(6,502)	42,310	(5,577)	(37,385)
Acquisition of cable systems by AT&T Broadband (Note 3)	--	10,675	--	--
Acquisition of cable systems by Tele-Communications, Inc. (Note 3)	--	--	--	9,279
End of period	$1,478,109	$1,476,323	$575,176	$572,112

The accompanying notes are an integral part of these combined financial statements.

IOWA MEDIACOM SYSTEMS
(A combination of certain assets, as defined in Note 1)

COMBINED STATEMENTS OF CASH FLOWS
(in thousands)

	New Mediacom		Old Mediacom	
	Year ended December 31, 2000	Period from March 1 to December 31, 1999	Period from January 1 to February 28, 1999	Year ended December 31, 1998
Cash Flows From Operating Activities				
Excess of revenues over direct expenses	$ 8,288	$ 17,215	$ 8,641	$ 64,256
Adjustments to reconcile excess of revenues over direct expenses to net cash provided by operating activities:				
Depreciation and amortization	90,351	54,781	6,575	38,466
Changes in operating assets and liabilities:				
Increase in trade and other receivables	(2,539)	(1,518)	(301)	(602)
(Increase) decrease in other assets	293	(350)	(3,207)	(2,615)
Increase (decrease) in accounts payable	(714)	1,894	190	580
Increase (decrease) in accrued liabilities	531	528	278	(2,611)
Net cash provided by operating activities	96,210	72,550	12,176	97,474
Cash Flows From Investing Activities				
Capital expenditures for property and equipment	(88,513)	(109,889)	(11,298)	(57,904)
Cash Flows From Financing Activities				
Change in transfers from parent, net	(6,502)	42,310	(5,577)	(37,385)
Net increase (decrease) in cash and cash equivalents	1,195	4,971	(4,699)	2,185
Cash and cash equivalents at beginning of period	12,168	7,197	11,896	9,711
Cash and cash equivalents at end of period	$ 13,363	$ 12,168	$ 7,197	$ 11,896

The accompanying notes are an integral part of these combined financial statements.

IOWA MEDIACOM SYSTEMS
(A combination of certain assets, as defined in Note 1)

NOTES TO COMBINED FINANCIAL STATEMENTS

1. Basis of Presentation and Summary of Significant Accounting Policies

On February 26, 2001, subsidiaries of AT&T Corp. ("AT&T") entered into an agreement with Mediacom Communications Corporation ("Mediacom") under which such subsidiaries agreed to sell certain cable television systems serving approximately 543,000 customers, as of December 31, 2000, located primarily in Iowa, and wholly owned by various cable subsidiaries and partnerships of AT&T, to Mediacom (the "Iowa Mediacom Systems").

The accompanying combined financial statements include the specific accounts directly related to the activities of the Iowa Mediacom Systems. All significant inter-system accounts and transactions have been eliminated in combination. The combined net assets of the Iowa Mediacom Systems are referred to as "Parent's Investment."

On March 9, 1999, AT&T acquired AT&T Broadband, LLC ("AT&T Broadband", formerly known as Tele-Communications, Inc.) in a merger (the "AT&T Merger"). In the AT&T Merger, AT&T Broadband became a subsidiary of AT&T. For financial reporting purposes, the AT&T Merger was deemed to have occurred on March 1, 1999. The combined financial statements for periods prior to March 1, 1999 include the Iowa Mediacom Systems that were then owned by Tele-Communications, Inc. and are referred to herein as "Old Mediacom." The combined financial statements for periods subsequent to February 28, 1999 are referred to herein as "New Mediacom." Due to the application of purchase accounting in connection with the AT&T Merger, the predecessor combined financial statements of Old Mediacom are not comparable to the successor combined financial statements of New Mediacom. In the following text, "Iowa Mediacom Systems" and "Systems" refer to both Old Mediacom and New Mediacom.

As further described in Note 3, certain of the cable systems included in the combined financial statements for periods after March 1, 1999 were acquired by AT&T and its subsidiaries in 1999. The Iowa Mediacom Systems combined financial statements include the assets, liabilities and results of operations for such cable systems since their acquisition date.

Certain costs of AT&T Broadband are charged to the Systems based primarily on Iowa Mediacom Systems' number of customers (see Note 4). Although such allocations are not necessarily indicative of the costs that would have been incurred by the Iowa Mediacom Systems on a stand alone basis, management believes that the resulting allocated amounts are reasonable.

The net assets of the Systems are held by various wholly-owned subsidiaries and partnerships of AT&T Broadband. Accordingly, the balance sheets of Iowa Mediacom Systems do not reflect all of the assets and liabilities that would be indicative of a stand-alone business. The assets, liabilities, excess of revenues over direct expenses and cash flows of Iowa Mediacom Systems could differ from reported results had Iowa Mediacom Systems operated autonomously or as an entity independent of AT&T. In particular, Iowa Mediacom Systems does not constitute a taxable entity, and therefore, no provision has been made for income tax expense or benefit in the accompanying combined financial statements. In addition, no interest expense incurred by AT&T and its subsidiaries on their debt obligations has been allocated to Iowa Mediacom Systems.

Cash and cash equivalents

Cash and cash equivalents consist of deposits with banks and financial institutions that are unrestricted as to withdrawal or use and have maturities of less than 90 days.

AT&T performs cash management functions on behalf of AT&T Broadband, including the Iowa Mediacom Systems. Substantially all of the Systems' cash balances are swept to AT&T on a daily basis, where they are managed and invested by AT&T. Transfers of cash to and from AT&T are reflected as a component of Parent's investment, with no interest income or expense reflected. Net transfers to or from AT&T are assumed to be settled in cash. AT&T's capital contributions for purchase business combinations to the Systems have been treated as non-cash transactions.

Property and Equipment

Property and equipment is stated at cost, including acquisition costs allocated to tangible assets acquired. Construction costs, labor and applicable overhead related to installations are capitalized.

Depreciation is computed on a straight-line basis using estimated useful lives of 3 to 15 years for distribution systems and 3 to 40 years for support equipment and buildings. Interest capitalized was not significant for any periods presented.

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

Intangible Assets

Intangible assets consist primarily of franchise costs and intangibles for customer relationships. Franchise costs represent the difference between AT&T Broadband's allocated historical cost of acquired assets of Iowa Mediacom Systems and amounts allocated to the tangible assets. Franchise costs and customer relationships are generally amortized on a straight-line basis over 40 and 10 years, respectively. Costs incurred by Iowa Mediacom Systems in negotiating and renewing franchise agreements are amortized on a straight-line basis over the average lives of the franchise, generally 10 to 20 years.

Impairment of Long-lived Assets

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

Revenue Recognition

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

Statement of Cash Flows

With the exception of certain system acquisitions, sales and asset transfers (see Note 3), transactions effected through the intercompany account due to (from) parent have been considered constructive cash receipts and payments for purposes of the combined statement of cash flows.

Stock-Based Compensation

Stock-based compensation is accounted for in accordance with Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees." The Systems follow the disclosure-only provisions of Statement of Financial Accounting Standard ("SFAS") No. 123, "Accounting for Stock-Based Compensation."

New Accounting Pronouncements

In December 1999, the Securities and Exchange Commission issued Staff Accounting Bulletin No. 101 (SAB No. 101), "Revenue Recognition in Financial Statements." Registrants were required to apply the accounting and disclosures described in SAB No. 101 no later than the fourth quarter of 2000. The Systems are currently in compliance with the provisions of SAB No. 101. The adoption of SAB No. 101 did not have an impact on the results of operations, financial position or cash flows of the Systems.

Estimates

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

2. Intangibles

Intangibles are summarized as follows:

	December 31,	
	2000	1999
	(Amounts in Thousands)	
Franchise costs	$1,170,285	$1,170,285
Other intangibles	55,026	55,026
	1,225,311	1,225,311
Less accumulated amortization	74,874	29,018
Intangibles, net	$1,150,437	$1,196,293

Amortization expense on franchise costs was $40,353,000, $24,434,000, $2,001,000 and $11,858,000 for the year ended December 31, 2000, the period March 1, 1999 to December 31, 1999, the period January 1, 1999 to February 28, 1999 and the year ended December 31, 1998, respectively. Amortization expense for other intangibles was $5,503,000, $4,584,000, $0 and $0 for the year ended December 31, 2000, the period March 1, 1999 to December 31, 1999, the period January 1,1999 to February 28, 1999 and the year ended December 31, 1998, respectively.

3. Business Combinations

AT&T Merger

The AT&T Merger has been accounted for using the purchase method of accounting and has been deemed to be effective as of March 1, 1999 for financial reporting purposes. Accordingly, the Iowa Mediacom Systems' portion of the allocation of AT&T's purchase price to acquire AT&T Broadband has been reflected in the combined financial statements of Iowa Mediacom Systems as of March 1, 1999.

The following table reflects the March 1, 1999 assets and liabilities of New Mediacom, as adjusted to give effect for the purchase accounting adjustments resulting from the allocation to the net assets of the Systems of AT&T's purchase price to acquire AT&T Broadband:

	(Amounts in Thousands)
Assets	
Cash	$ 7,197
Trade and other receivables	7,328
Property and equipment	180,966
Intangible assets	1,216,929
Other assets	6,567
	$1,418,987
Liabilities and Parent's Investment	
Accounts payable and accrued expenses	$ 12,864
Parent's investment	1,406,123
Total liabilities and parent's investment	$1,418,987

As a result of the application of purchase accounting, Iowa Mediacom Systems recorded its assets and liabilities at their fair values on March 1, 1999. The most significant purchase accounting adjustments related to intangible assets. The intangible assets include approximately $1,161.9 million assigned to Iowa Mediacom Systems' franchise costs and $55.0 million related to the value to customer relationships.

Acquisitions

During September of 1998, Tele-Communications, Inc. paid cash to acquire a cable television system serving customers located in Iowa (the "1998 Acquisition"). The 1998 Acquisition was deemed to be effective as of September 30, 1998 for financial reporting purposes and the acquired system was recorded using the purchase method of accounting.

The cable television system acquired by Tele-Communications, Inc. in the 1998 Acquisition is included in the accompanying combined financial results of Iowa Mediacom Systems and is reflected as a contribution from Tele-Communications, Inc. Accordingly, the assets, liabilities, revenues and direct expenses of such system have been reflected in the combined financial statements of Iowa Mediacom Systems since September 30, 1998.

The following table reflects the September 30, 1998 assets and liabilities of the 1998 Acquisition system contributed from Tele-Communications, Inc. to Iowa Mediacom Systems:

	(Amounts in Thousands)
Assets	
Property and equipment	$1,896
Intangible assets	7,383
Total assets	$9,279
Liabilities and Parent's Investment	
Parent's investment	$9,279
Total liabilities and Parent's investment	$9,279

The above operating assets and liabilities have been included in the accompanying combined financial statements at their fair values at September 30, 1998. The most significant purchase accounting adjustments related to intangible assets. The intangible assets represent franchise costs which are being amortized over 40 years.

During May of 1999, AT&T Broadband paid cash to acquire a cable television system serving customers located in Iowa (the "1999 Acquisition"). The 1999 Acquisition was deemed to be effective as of May 1, 1999 for financial reporting purposes and the acquired system was recorded using the purchase method of accounting.

The cable television system acquired by AT&T Broadband in the 1999 Acquisition is included in the accompanying combined financial results of Iowa Mediacom Systems and is reflected as a contribution from AT&T Broadband. Accordingly, the assets, liabilities, revenues and direct expenses of such system have been reflected in the combined financial statements of Iowa Mediacom Systems since May 1, 1999.

The following table reflects the May 1, 1999 assets and liabilities of the 1999 Acquisition system contributed from AT&T Broadband to Iowa Mediacom Systems:

	(Amounts in Thousands)
Assets	
Property and equipment	$ 2,293
Intangible assets	8,382
Total assets	$10,675
Liabilities and Parent's Investment	
Parent's investment	$10,675
Total liabilities and parent's investment	$10,675

The above operating assets and liabilities have been included in the accompanying combined financial statements at their fair values at May 1, 1999. The most significant purchase accounting adjustments related to intangible assets. The intangible assets represent franchise costs that are being amortized over 40 years.

Pro Forma Operating Results (unaudited)

The following unaudited combined revenues and excess of revenues over direct expenses were prepared assuming the AT&T Merger, the 1998 Acquisition and the 1999 Acquisition occurred on January 1, 1998. These pro forma amounts are not necessarily indicative of operating results that would have occurred if the AT&T Merger, the 1998 Acquisition and the 1999 Acquisition had occurred on January 1, 1998, nor does it intend to be a projection of future results:

	New Mediacom	Old Mediacom	
	Period from March 1 to December 31, 1999	Period from January 1 to February 28, 1999	Year ended December 31, 1998
	(Amounts in Thousands)		
Revenue	$209,560	$39,941	$233,766
Excess of revenues over direct expenses	$ 17,282	$ 3,652	$ 34,225

4. Parent's Investment

Parent's investment in Iowa Mediacom Systems at December 31, 2000 and December 31, 1999 is summarized as follows:

	December 31, 2000	December 31, 1999
	(Amounts in Thousands)	
Transfers from parent, net	$1,452,606	$1,459,108
Cumulative excess of revenues over direct expenses since March 1, 1999	25,503	17,215
	$1,478,109	$1,476,323

The non-interest bearing transfers from parent includes AT&T Broadband's equity in acquired systems, programming charges, management fees and advances for operations, acquisitions and construction costs, as well as the amounts charged as a result of the allocation of certain costs from AT&T.

As a result of AT&T's 100% ownership of Iowa Mediacom Systems, the transfers from parent amounts have been classified as a component of Parent's investment in the accompanying combined balance sheets.

Iowa Mediacom Systems purchases, at AT&T Broadband's cost, certain pay television and other programming through a certain indirect subsidiary of AT&T Broadband. Charges for such programming are included in operating expenses in the accompanying combined financial statements.

Certain subsidiaries of AT&T Broadband provide administrative services to Iowa Mediacom Systems and have assumed managerial responsibility of Iowa Mediacom Systems' cable television system operations and construction. As compensation for these services, Iowa Mediacom Systems pay a monthly management fee calculated on a per-subscriber basis.

The parent transfers and expense allocation activity consist of the following:

	New Mediacom		Old Mediacom	
	Year ended December 31, 2000	Period from March 1 to December 31, 1999	Period from January 1 to February 28, 1999	Year ended December 31, 1998
	(Amounts in Thousands)			
Beginning of period........	$1,459,108	$1,406,123	$507,856	$ 535,962
Programming charges......	79,386	56,216	10,650	56,346
Management fees..........	15,041	8,320	1,166	7,745
Cable system acquisitions............	--	10,675	--	9,279
Cash transfers...........	(100,929)	(22,226)	(17,393)	(101,476)
End of period.............	$1,452,606	$1,459,108	$502,279	$ 507,856

5. Employee Benefit and Stock-Based Compensation Plans

AT&T sponsors savings plans for the majority of its employees. Prior to the AT&T Merger, Tele-Communications, Inc. also sponsored savings plans for the majority of its employees. The plans allow employees to contribute a portion of their pre-tax and/or after-tax income in accordance with specified guidelines. Employee contributions are matched up to certain limits. AT&T Broadband contributions for employees of Iowa Mediacom Systems amounted to $1,378,000 and $1,760,000 for the period March 1, 1999 to December 31, 1999 and the year ended December 31, 2000, respectively. Tele-Communications, Inc. contributions for employees of Iowa Mediacom Systems amounted to $1,601,000 and $276,000 for the year ended December 31, 1998 and the period January 1, 1999 to February 28, 1999, respectively.

Under AT&T's 1997 Long-term Incentive Program (the "Program"), which was effective June 1, 1997, and amended on May 19, 1999 and March 14, 2000, AT&T grants stock options, performance shares, restricted stock and other awards on AT&T common stock as well as stock options on the AT&T Wireless Group tracking stock. Employees of Iowa Mediacom Systems were eligible to receive stock options under this plan effective with the AT&T Merger (see Note 1).

Under the Program, there were 150 million shares of AT&T common stock available for grant with a maximum of 22.5 million common shares that could be used for awards other than stock options. Beginning with January 1, 2000, the remaining shares available for grant at December 31 of the prior year, plus 1.75% of the shares of AT&T common stock outstanding on January 1 of each year, become available for grant. There is a maximum of 37.5 million shares that may be used for awards other than stock options. The exercise price of any stock option is equal to the stock price when the option is granted. Generally, the options vest over three or four years and are exercisable up to 10 years from the date of grant.

Under the AT&T 1996 Employee Stock Purchase Plan (the "Plan"), which was effective July 1, 1996, AT&T is authorized to sell up to 75 million shares of AT&T common stock to its eligible employees. Under the terms of the Plan, employees may have up to 10% of their earnings withheld to purchase AT&T's common stock. The purchase price of the stock on the date of exercise is 85% of the average high and low sale prices of shares on the New York Stock Exchange for that day.

The Systems apply Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees," and related interpretations in accounting for its plans. Accordingly, no compensation expense has been recognized for stock-based compensation plans for the Iowa Mediacom Systems.

The Systems have adopted the disclosure-only provisions of SFAS No. 123, "Accounting for Stock-Based Compensation." If the Systems had elected to recognize compensation costs based on the fair value at the date of grant for AT&T awards granted to Systems' employees in 2000, consistent with the provisions of SFAS No. 123, Iowa Mediacom Systems' excess of revenues over direct expenses would have been adjusted to reflect additional compensation expense resulting in the following pro forma amounts:

	Year ended December 31, 2000 (Amounts in Thousands)
Excess of revenues over direct expenses.................	$5,973

AT&T granted approximately 159,600 and 53,200 stock options to Iowa Mediacom Systems employees during 2000 for AT&T stock options and AT&T Wireless Group tracking stock, respectively. At the date of grant, the exercise price for AT&T options and AT&T Wireless Group tracking stock options granted to AT&T Broadband employees during 2000 was $33.81 and $27.56, respectively. The fair value at date of grant for AT&T options and AT&T Wireless Group tracking stock options granted to AT&T Broadband employees during 2000 was $10.59 and $11.74, respectively, and was estimated using the Black-Scholes option-pricing model. The following assumptions were applied for 2000 for the AT&T options and the AT&T Wireless Group tracking stock options: (i) expected dividend yield of 1.7% and 0%, respectively, (ii) expected volatility rate of 34% and 55%, respectively, (iii) risk-free interest rate of 6.24% and 6.2%, respectively, and (iv) expected life of 4 and 3 years, respectively.

6. Commitments and Contingencies

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

Although the Federal Communications Commission (the "FCC") has established regulations required by the 1992 Cable Act, local government units (commonly referred to as local franchising authorities) are primarily responsible for administering the regulation of a cable system's basic service tier.

Management of the Systems believes that it has complied in all material respects with the provisions of the 1992 Cable Act and the 1996 Act, including its rate setting provisions. If, as a result of the review process, a system cannot substantiate its rates, it could be required to retroactively reduce its rates to the appropriate benchmark and refund the excess portion of rates received.

Certain plaintiffs have filed or threatened separate class action complaints against cable systems across the United States alleging that the systems' delinquency constitutes an invalid liquidated damage provision, a breach of contact, and violates local consumer protection statutes. Plaintiffs seek recovery of all late fees paid to the subject systems as a class purporting to consist of all subscribers who were assessed such fees during the applicable limitation period, plus attorney fees and costs. In December 2000, a settlement agreement was approved by the court with respect to certain late fee class action complaints, which involves certain subscribers of Iowa Mediacom Systems. Certain other plaintiff suits, involving Iowa Mediacom Systems remain unresolved. The December 2000 and any future settlements are not expected to have a material impact on Iowa Mediacom Systems' financial condition or excess of revenues over direct expenses.

Iowa Mediacom Systems has contingent liabilities related to legal proceedings and other matters arising in the ordinary course of business. Although it is reasonably possible Iowa Mediacom System may incur losses upon conclusion of such matters, an estimate of any loss or range of loss cannot be made.

Iowa Mediacom Systems leases business offices, has entered into pole rental agreements and uses certain equipment under lease arrangements. Rental expense for such arrangements amounted to $1,119,000, $1,090,000, $206,000 and $1,341,000 for the year ended December 31, 2000, the period March 1, 1999 to December 31, 1999, the period January 1, 1999 to February 28, 1999 and the year ended December 31, 1998, respectively.

Future minimum lease payments under noncancelable operating leases for each of the next five years are summarized as follows:

December 31,	(Amounts in Thousands)
2001	$289
2002	116
2003	115
2004	110
2005	110
Thereafter	29

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

IOWA MEDIACOM SYSTEMS
(A combination of certain assets, as defined in Note 1)

COMBINED STATEMENT OF ASSETS, LIABILITIES AND PARENT'S INVESTMENT
(in thousands)

	March 31, 2001	March 31, 2000
	(unaudited)	
Assets		
Cash and cash equivalents	$ 15,386	$ 15,504
Trade and other receivables, net of allowance for doubtful accounts of $946 and $543 at March 31, 2001 and 2000, respectively	8,911	7,473
Property and equipment, at cost:		
Land	2,395	2,370
Distribution systems	357,142	279,646
Support equipment and buildings	30,100	26,567
	389,637	308,583
Less accumulated depreciation	80,119	31,726
Property and equipment, net	309,518	276,857
Intangible assets, net	1,138,973	1,184,829
Other assets	5,542	6,921
Total assets	$1,478,330	$1,491,584
Liabilities and Parent's Investment		
Accounts payable	$ 1,505	$ 2,813
Accrued liabilities	13,258	10,681
Total liabilities	14,763	13,494
Parent's investment (Note 3)	1,463,567	1,478,090
Commitments and contingencies (Note 5)		
Total liabilities and parent's investment	$1,478,330	$1,491,584

The accompanying notes are an integral part of these combined financial statements.

IOWA MEDIACOM SYSTEMS
(A combination of certain assets, as defined in Note 1)

COMBINED STATEMENTS OF REVENUES AND
DIRECT EXPENSES AND PARENT'S INVESTMENT
(in thousands)

	Three months ended March 31, 2001	Three months ended March 31, 2000
	(unaudited)	(unaudited)
Revenue	$ 72,778	$ 66,266
Direct costs and expenses:		
Operating (Note 3)	40,553	33,626
Selling, general and administrative	6,656	5,889
Management fees (Note 3)	5,566	2,941
Depreciation	14,201	9,188
Amortization	11,464	11,464
Excess (shortfall) of revenue over direct expenses	(5,662)	3,158
Parent's investment:		
Beginning of period	1,478,109	1,476,323
Change in transfers from parent, net (Note 3)	(8,880)	(1,391)
End of period	$1,463,567	$1,478,090

The accompanying notes are an integral part of these combined financial statements.

IOWA MEDIACOM SYSTEMS
(A combination of certain assets, as defined in Note 1)

COMBINED STATEMENTS OF CASH FLOWS
(in thousands)

	Three months ended March 31, 2001	2000
	(unaudited)	
Cash Flows From Operating Activities		
Excess (shortfall) of revenue over direct expenses	$(5,662)	$ 3,158
Adjustments to reconcile excess (shortfall) of revenue over direct expenses to net cash provided by operating activities:		
Depreciation and amortization	25,665	20,652
Changes in operating assets and liabilities:		
Decrease in trade and other receivables	2,474	1,373
(Increase) decrease in other assets	1,084	(2)
Decrease in accounts payable	(916)	(322)
Decrease in accrued liabilities	(2,080)	(2,011)
Net cash provided by operating activities	20,565	22,848
Cash Flows From Investing Activities		
Capital expenditures for property and equipment	(9,662)	(18,121)
Cash Flows From Financing Activities		
Change in transfers from parent, net	(8,880)	(1,391)
Net increase in cash and cash equivalents	2,023	3,336
Cash and cash equivalents at beginning of period	13,363	12,168
Cash and cash equivalents at end of period	$15,386	$ 15,504

The accompanying notes are an integral part of these combined financial statements.

NOTES TO COMBINED FINANCIAL STATEMENTS
(unaudited)

1. Basis of Presentation and Summary of Significant Accounting Policies

On February 26, 2001, subsidiaries of AT&T Corp. ("AT&T") entered into an agreement with Mediacom Communications Corporation ("Mediacom") under which such subsidiaries agreed to sell certain cable television systems serving approximately 536,000 customers, as of March 31, 2001, located primarily in Iowa, and wholly owned by various cable subsidiaries and partnerships of AT&T, to Mediacom (the "Iowa Mediacom Systems" or the "Systems").

In the opinion of management, the accompanying unaudited combined financial statements include all adjustments (consisting of normal recurring items) necessary for a fair presentation of results for the interim periods presented by the Systems. The excess (shortfall) of revenue over direct expenses for any interim period is not necessarily indicative of results for the full year. The unaudited combined financial statements and footnote disclosures should be read in conjunction with the audited combined financial statements and related notes thereto for the year ended December 31, 2000.

The accompanying unaudited combined financial statements include the specific accounts directly related to the activities of the Iowa Mediacom Systems. All significant inter-system accounts and transactions have been eliminated in combination. The combined net assets of the Iowa Mediacom Systems are referred to as "Parent's Investment."

On March 9, 1999, AT&T acquired AT&T Broadband, LLC ("AT&T Broadband", formerly known as Tele-Communications, Inc.) in a merger (the "AT&T Merger"). In the AT&T Merger, AT&T Broadband became a subsidiary of AT&T. For financial reporting purposes, the AT&T Merger was deemed to have occurred on March 1, 1999.

Certain costs of AT&T Broadband are charged to the Systems based primarily on Iowa Mediacom Systems' number of customers (see Note 3). Although such allocations are not necessarily indicative of the costs that would have been incurred by the Iowa Mediacom Systems on a stand alone basis, management believes that the resulting allocated amounts are reasonable.

The net assets of the Systems are held by various wholly-owned subsidiaries and partnerships of AT&T Broadband. Accordingly, the unaudited financial statements of Iowa Mediacom Systems do not reflect all of the assets and liabilities that would be indicative of a stand-alone business. The assets, liabilities, excess of revenue over direct expenses and cash flows of Iowa Mediacom Systems could differ from reported results had Iowa Mediacom Systems operated autonomously or as an entity independent of AT&T. In particular, Iowa Mediacom Systems does not constitute a taxable entity, and therefore, no provision has been made for income tax expense or benefit in the accompanying unaudited combined financial statements. In addition, no interest expense incurred by AT&T and its subsidiaries on their debt obligations has been allocated to Iowa Mediacom Systems.

Cash and cash equivalents

Cash and cash equivalents consist of deposits with banks and financial institutions that are unrestricted as to withdrawal or use and have maturities of less than 90 days.

AT&T performs cash management functions on behalf of AT&T Broadband, including the Iowa Mediacom Systems. Substantially all of the Systems' cash balances are swept to AT&T on a daily basis, where they are managed and invested by AT&T. Transfers of cash to and from AT&T are reflected as a component of Parent's investment, with no interest income or expense reflected. Net transfers to or from AT&T are assumed to be settled in cash. AT&T's capital contributions for purchase business combinations to the Systems have been treated as non-cash transactions.

Property and Equipment

Property and equipment is stated at cost, including acquisition costs allocated to tangible assets acquired. Construction costs, labor and applicable overhead related to installations are capitalized.

Depreciation is computed on a straight-line basis using estimated useful lives of 3 to 15 years for distribution systems and 3 to 40 years for support equipment and buildings. Interest capitalized was not significant for any periods presented.

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

Intangible Assets

Intangible assets consist primarily of franchise costs and intangibles for customer relationships. Franchise costs represent the difference between AT&T Broadband's allocated historical cost of acquired assets of Iowa Mediacom Systems and amounts allocated to the tangible assets. Franchise costs and customer relationships are generally amortized on a straight-line basis over 40 and 10 years, respectively. Costs incurred by Iowa Mediacom Systems in negotiating and renewing franchise agreements are amortized on a straight-line basis over the average lives of the franchise, generally 10 to 20 years.

Impairment of Long-lived Assets

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

Revenue Recognition

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

Statement of Cash Flows

Transactions effected through the intercompany account due to (from) parent have been considered constructive cash receipts and payments for purposes of the combined statement of cash flows.

Stock-Based Compensation

Stock-based compensation is accounted for in accordance with Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees." The Systems follow the disclosure-only provisions of Statement of Financial Accounting Standard ("SFAS") No. 123, "Accounting for Stock-Based Compensation."

Estimates

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

2. Intangibles

Intangibles are summarized as follows:

	March 31, 2001	March 31, 2000
	(Amounts in Thousands)	
Franchise costs	$1,170,285	$1,170,285
Other intangibles	55,026	55,026
	1,225,311	1,225,311
Less accumulated amortization	86,338	40,482
Intangibles, net	$1,138,973	$1,184,829

Amortization expense on franchise costs was $10,088,000 for the three months ended March 31, 2001 and 2000. Amortization expense for other intangibles was $1,376,000 for the three months ended March 31, 2001 and 2000.

3. Parent's Investment

Parent's investment in Iowa Mediacom Systems is summarized as follows:

	March 31, 2001	March 31, 2000
	(Amounts in Thousands)	
Transfers from parent, net	$1,443,726	$1,457,717
Cumulative excess of revenue over direct expenses since March 1, 1999	19,841	20,373
	$1,463,567	$1,478,090

The non-interest bearing transfers from parent includes AT&T Broadband's equity in acquired systems, programming charges, management fees and advances for operations, acquisitions and construction costs, as well as the amounts charged as a result of the allocation of certain costs from AT&T.

As a result of AT&T's 100% ownership of Iowa Mediacom Systems, the transfers from parent amounts have been classified as a component of Parent's investment in the accompanying combined balance sheets.

Iowa Mediacom Systems purchases, at AT&T Broadband's cost, certain pay television and other programming through a certain indirect subsidiary of AT&T Broadband. Charges for such programming are included in operating expenses in the accompanying combined financial statements.

Certain subsidiaries of AT&T Broadband provide administrative services to Iowa Mediacom Systems and have assumed managerial responsibility of Iowa Mediacom Systems' cable television system operations and construction. As compensation for these services, Iowa Mediacom Systems pay a monthly management fee calculated on a per-subscriber basis.

The parent transfers and expense allocation activity consist of the following:

	Three months ended March 31,	
	2001	2000
	(Amounts in Thousands)	
Beginning of period	$1,452,606	$1,459,108
Programming charges	23,193	19,002
Management fees	5,566	2,941
Cash transfers	(37,639)	(23,334)
End of period	$1,443,726	$1,457,717

4. Employee Benefit and Stock-Based Compensation Plans

AT&T sponsors savings plans for the majority of its employees. The plan allows employees to contribute a portion of their pre-tax and/or after-tax income in accordance with specified guidelines. Employee contributions are matched up to certain limits. AT&T Broadband contributions for employees of Iowa Mediacom Systems amounted to $246,000 and $390,000 for the three months ended March 31, 2001 and 2000, respectively.

Under AT&T's 1997 Long-term Incentive Program (the "Program"), which was amended March 14, 2000, AT&T grants stock options, performance shares, restricted stock and other awards on AT&T common stock as well as stock options on the AT&T Wireless Group tracking stock. Employees of Iowa Mediacom Systems were eligible to receive stock options under this plan effective with the AT&T Merger (see Note 1).

Under the Program, there were 150 million shares of AT&T common stock available for grant with a maximum of 22.5 million common shares that could be used for awards other than stock options. Beginning with January 1, 2000, the remaining shares available for grant at December 31 of the prior year, plus 1.75% of the shares of AT&T common stock outstanding on January 1 of each year, become available for grant. There is a maximum of 37.5 million shares that may be used for awards other than stock options. The exercise price of any stock option is equal to the stock price when the option is granted. Generally, the options vest over three or four years and are exercisable up to 10 years from the date of grant. There were no stock option grants to the Systems' employees under this plan during the three months ended March 31, 2001 and 2000.

Under the AT&T 1996 Employee Stock Purchase Plan (the "Plan"), which was effective July 1, 1996, AT&T is authorized to sell up to 75 million shares of AT&T common stock to its eligible employees. Under the terms of the Plan, employees may have up to 10% of their earnings withheld to purchase AT&T's common stock. The purchase price of the stock on the date of exercise is 85% of the average high and low sale prices of shares on the New York Stock Exchange for that day. Employees of Iowa Mediacom Systems were eligible to participate in the Plan effective with the AT&T Merger (see Note 1).

5. Commitments and Contingencies

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

Although the Federal Communications Commission (the "FCC") has established regulations required by the 1992 Cable Act, local government units (commonly referred to as local franchising authorities) are primarily responsible for administering the regulation of a cable system's basic service tier.

Management of the Systems believes that it has complied in all material respects with the provisions of the 1992 Cable Act and the 1996 Act, including its rate setting provisions. If, as a result of the review process, a system cannot substantiate its rates, it could be required to retroactively reduce its rates to the appropriate benchmark and refund the excess portion of rates received.

Certain plaintiffs have filed or threatened separate class action complaints against cable systems across the United States alleging that the systems' delinquency constitutes an invalid liquidated damage provision, a breach of contact, and violates local consumer protection statutes. Plaintiffs seek recovery of all late fees paid to the subject systems as a class purporting to consist of all subscribers who were assessed such fees during the applicable limitation period, plus attorney fees and costs. In December 2000, a settlement agreement was approved by the court with respect to certain late fee class action complaints, which involves certain subscribers of Iowa Mediacom Systems. Certain other plaintiff suits, involving Iowa Mediacom Systems remain unresolved. The December 2000 settlement and any future settlements are not expected to have a material impact on Iowa Mediacom Systems' financial condition or excess (shortfall) of revenue over direct expenses.

Iowa Mediacom Systems has contingent liabilities related to legal proceedings and other matters arising in the ordinary course of business. Although it is reasonably possible Iowa Mediacom System may incur losses upon conclusion of such matters, an estimate of any loss or range of loss cannot be made.

Iowa Mediacom Systems leases business offices, has entered into pole rental agreements and uses certain equipment under operating lease arrangements. Rental expense for such arrangements amounted to $393,000 and $320,000 for the three months ended March 31, 2001 and 2000, respectively.

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

Report of Independent Accountants

To the Board of Directors of
AT&T Broadband LLC:

In our opinion, the accompanying combined statements of assets, liabilities and parent's investment and the related combined statements of revenues and direct expenses, and of parent's investment and of cash flows present fairly, in all material respects, the assets, liabilities and parent's investment of Missouri Mediacom Systems (a combination of certain assets as defined in Note 1 to the combined financial statements) at December 31, 2000 and December 31, 1999, and the excess of their revenues over direct expenses and their cash flows for the year ended December 31, 2000, and the period March 1, 1999 to December 31, 1999 ("New Mediacom"), and the period January 1, 1999 to February 28, 1999 and the year ended December 31, 1998 ("Old Mediacom") in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Companies' management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with auditing standards generally accepted in the United States of America, which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As discussed in Note 1, effective March 9, 1999, AT&T Corp., the parent company of New Mediacom, acquired Tele-Communications, Inc., parent company of Old Mediacom, in a business combination accounted for as a purchase. As a result of the acquisition, the combined financial information for the periods after the acquisition is presented on a different basis than that for the periods before the acquisition and therefore, is not comparable.

PricewaterhouseCoopers LLP

Denver, Colorado
April 9, 2001

MISSOURI MEDIACOM SYSTEMS
(A combination of certain assets, as defined in Note 1)

COMBINED STATEMENT OF ASSETS, LIABILITIES AND PARENT'S INVESTMENT
(in thousands)

	December 31, 2000	December 31, 1999
Assets		
Cash and cash equivalents	$ 3,405	$ 2,602
Trade and other receivables, net of allowance for doubtful accounts of $144 and $115 at December 31, 2000 and 1999, respectively	2,229	1,894
Property and equipment, at cost:		
Land	617	617
Distribution systems	63,062	51,687
Support equipment and buildings	6,062	4,216
	69,741	56,520
Less accumulated depreciation	13,648	5,166
Property and equipment, net	56,093	51,354
Intangible assets, net	238,853	245,871
Other assets	89	62
Total assets	$300,669	$301,783
Liabilities and Parent's Investment		
Accounts payable	$ 226	$ 365
Accrued liabilities	1,481	1,387
Total liabilities	1,707	1,752
Parent's investment (Note 4)	298,962	300,031
Commitments and contingencies (Note 6)		
Total liabilities and parent's investment	$300,669	$301,783

The accompanying notes are an integral part of these combined financial statements.

MISSOURI MEDIACOM SYSTEMS
(A combination of certain assets, as defined in Note 1)

COMBINED STATEMENTS OF REVENUES AND
DIRECT EXPENSES AND PARENT'S INVESTMENT
(in thousands)

	New Mediacom		Old Mediacom	
	Year ended December 31, 2000	Period from March 1 to December 31, 1999	Period from January 1 to February 28, 1999	Year ended December 31, 1998
Revenue	$ 53,064	$ 40,573	$ 7,612	$ 43,849
Direct costs and expenses:				
Operating (Note 4)	25,803	19,820	3,711	20,501
Selling, general and administrative	4,884	4,279	691	3,757
Management fees (Note 4)	2,074	1,539	161	1,718
Depreciation	8,638	5,891	1,039	6,598
Amortization	7,018	5,849	370	2,222
Excess of revenues over direct expenses	4,647	3,195	1,640	9,053
Parent's investment:				
Beginning of period	300,031	297,939	123,643	121,072
Change in transfers from parent, net (Note 4)	(5,716)	(1,103)	(858)	(6,482)
End of period	$298,962	$300,031	$124,425	$123,643

The accompanying notes are an integral part of these combined finacial statements.

MISSOURI MEDIACOM SYSTEMS
(A combination of certain assets, as defined in Note 1)

COMBINED STATEMENTS OF CASH FLOWS
(in thousands)

	New Mediacom		Old Mediacom	
	Year ended December 31, 2000	Period from March 1 to December 31, 1999	Period from January 1 to February 28, 1999	Year ended December 31, 1998
Cash Flows From Operating Activities				
Excess of revenues over direct expenses	$ 4,647	$ 3,195	$ 1,640	$ 9,053
Adjustments to reconcile excess of revenues over direct expenses to net cash provided by operating activities:				
Depreciation and amortization	15,656	11,740	1,409	8,820
Changes in operating assets and liabilities:				
(Increase) decrease in trade and other receivables	(335)	(554)	(520)	454
(Increase) decrease in other assets	(27)	22	54	(65)
Increase (decrease) in accounts payable	(139)	149	53	144
Increase (decrease) in accrued liabilities	262	635	(432)	(39)
Net cash provided by operating activities	20,064	15,187	2,204	18,367
Cash Flows From Investing Activities				
Capital expenditures for property and equipment	(13,545)	(12,309)	(1,568)	(11,347)
Cash Flows From Financing Activities				
Change in transfers from parent, net	(5,716)	(1,103)	(858)	(6,482)
Net increase (decrease) in cash and cash equivalents	803	1,775	(222)	538
Cash and cash equivalents at beginning of period	2,602	827	1,049	511
Cash and cash equivalents at end of period	$ 3,405	$ 2,602	$ 827	$ 1,049

The accompanying notes are an integral part of these combined finacial statements.

NOTES TO COMBINED FINANCIAL STATEMENTS

1. Basis of Presentation and Summary of Significant Accounting Policies

On February 26, 2001, subsidiaries of AT&T Corp. ("AT&T") entered into an agreement with Mediacom Communications Corporation ("Mediacom") under which such subsidiaries agreed to sell certain cable television systems serving approximately 98,000 customers, as of December 31, 2000, located primarily in Missouri, and wholly owned by various cable subsidiaries and partnerships of AT&T, to Mediacom (the "Missouri Mediacom Systems").

The accompanying combined financial statements include the specific accounts directly related to the activities of the Missouri Mediacom Systems. All significant inter-system accounts and transactions have been eliminated in combination. The combined net assets of the Missouri Mediacom Systems are referred to as "Parent's Investment."

On March 9, 1999, AT&T acquired AT&T Broadband, LLC ("AT&T Broadband", formerly known as Tele-Communications, Inc.) in a merger (the "AT&T Merger"). In the AT&T Merger, AT&T Broadband became a subsidiary of AT&T. For financial reporting purposes, the AT&T Merger was deemed to have occurred on March 1, 1999. The combined financial statements for periods prior to March 1, 1999 include the Missouri Mediacom Systems that were then owned by Tele-Communications, Inc. and are referred to herein as "Old Mediacom." The combined financial statements for periods subsequent to February 28, 1999 are referred to herein as "New Mediacom." Due to the application of purchase accounting in connection with the AT&T Merger, the predecessor combined financial statements of Old Mediacom are not comparable to the successor combined financial statements of New Mediacom. In the following text, "Missouri Mediacom Systems" and "Systems" refers to both Old Mediacom and New Mediacom.

Certain costs of AT&T Broadband are charged to the Systems based primarily on Missouri Mediacom Systems' number of customers (see Note 4). Although such allocations are not necessarily indicative of the costs that would have been incurred by the Missouri Mediacom Systems on a stand alone basis, management believes that the resulting allocated amounts are reasonable.

The net assets of the Systems are held by various wholly-owned subsidiaries and partnerships of AT&T Broadband. Accordingly, the balance sheets of Missouri Mediacom Systems do not reflect all of the assets and liabilities that would be indicative of a stand-alone business. The assets, liabilities, excess of revenues over direct expenses and cash flows of Missouri Mediacom Systems could differ from reported results had Missouri Mediacom Systems operated autonomously or as an entity independent of AT&T. In particular, Missouri Mediacom Systems does not constitute a taxable entity, and therefore, no provision has been made for income tax expense or benefit in the accompanying combined financial statements. In addition, no interest expense incurred by AT&T and its subsidiaries on their debt obligations has been allocated to Missouri Mediacom Systems.

Cash and cash equivalents

Cash and cash equivalents consist of deposits with banks and financial institutions that are unrestricted as to withdrawal or use and have maturities of less than 90 days.

AT&T performs cash management functions on behalf of AT&T Broadband, including the Missouri Mediacom Systems. Substantially all of the Systems' cash balances are swept to AT&T on a daily basis, where they are managed and invested by AT&T. Transfers of cash to and from AT&T are reflected as a component Parent's investment, with no interest income or expense reflected. Net transfers to or from AT&T are assumed to be settled in cash. AT&T's capital contributions for purchase business combinations to the Systems have been treated as non-cash transactions.

Property and Equipment

Property and equipment is stated at cost, including acquisition costs allocated to tangible assets acquired. Construction costs, labor and applicable overhead related to installations are capitalized. Interest capitalized was not significant for any periods presented.

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

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

Intangible Assets

Intangible assets consist primarily of franchise costs and intangibles for customer relationships. Franchise costs represent the difference between AT&T Broadband's allocated historical cost of acquired assets of Missouri Mediacom Systems and amounts allocated to the tangible assets. Franchise costs and customer relationships are generally amortized on a straight-line basis over 40 and 10 years, respectively. Costs incurred by Missouri Mediacom Systems in negotiating and renewing franchise agreements are amortized on a straight-line basis over the average lives of the franchise, generally 10 to 20 years.

Impairment of Long-lived Assets

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

Revenue Recognition

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

Statement of Cash Flows

With the exception of certain system acquisitions, sales and asset transfers (see Note 3), transactions effected through the intercompany account due to (from) parent have been considered constructive cash receipts and payments for purposes of the combined statement of cash flows.

Stock-Based Compensation

Stock-based compensation is accounted for in accordance with Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees." The Systems follow the disclosure-only provisions of Statement of Financial Accounting Standard ("SFAS") No. 123, "Accounting for Stock-Based Compensation."

New Accounting Pronouncements

In December 1999, the Securities and Exchange Commission issued Staff Accounting Bulletin No. 101 (SAB No. 101), "Revenue Recognition in Financial Statements." Registrants were required to apply the accounting and disclosures described in SAB No. 101 no later than the fourth quarter of 2000. The Systems are currently in compliance with the provisions of SAB No. 101. The adoption of SAB 101 did not have an impact on the results of operations, financial position or cash flows of the Systems.

Estimates

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

2. Intangibles

Intangibles are summarized as follows:

	December 31, 2000	December 31, 1999
	(Amounts in Thousands)	
Franchise costs	$ 242,053	$ 242,053
Other intangibles	9,667	9,667
	251,720	251,720
Less accumulated amortization	12,867	5,849
Intangibles, net	$ 238,853	$ 245,871

Amortization expense on franchise costs was $6,051,000, $5,044,000, $370,000 and $2,222,000 for the year ended December 31, 2000, the period March 1, 1999 to December 31, 1999, the period January 1, 1999 to February 28, 1999 and the year ended December 31, 1998, respectively. Amortization expense for other intangibles was $967,000, $805,000, $0 and $0 for the year ended December 31, 2000, the period March 1, 1999 to December 31, 1999, the period January 1, 1999 to February 28, 1999 and the year ended December 31, 1998, respectively.

3. Business Combinations

AT&T Merger

The AT&T Merger has been accounted for using the purchase method of accounting and has been deemed to be effective as of March 1, 1999 for financial reporting purposes. Accordingly, the Missouri Mediacom Systems' portion of the allocation of AT&T's purchase price to acquire AT&T Broadband has been reflected in the combined financial statements of Missouri Mediacom Systems as of March 1, 1999.

The following table reflects the March 1, 1999 assets and liabilities of New Mediacom, as adjusted to give effect for the purchase accounting adjustments resulting from the allocation to the net assets of the Systems of AT&T's purchase price to acquire AT&T Broadband:

	(Amounts in Thousands)
Assets	
Cash	$ 827
Trade and other receivables	1,340
Property and equipment	44,937
Intangible assets	251,720
Total assets	$298,824
Liabilities and Parent's Investment	
Accounts payable and accrued expenses	$ 885
Parent's investment	297,939
Total liabilities and parent's investment	$298,824

As a result of the application of purchase accounting, Missouri Mediacom Systems recorded its assets and liabilities at their fair values on March 1, 1999. The most significant purchase accounting adjustments related to intangible assets. The intangible assets include $242 million assigned to Missouri Mediacom Systems' franchise costs and $9.7 million related to the value attributed to customer relationships.

Pro Forma Operating Results (unaudited)

The following unaudited combined revenues and excess of revenues over direct expenses were prepared assuming the AT&T Merger occurred on January 1, 1998. These pro forma amounts are not necessarily indicative of operating results that would have occurred if the AT&T Merger had occurred on January 1, 1998, nor does it intend to be a projection of future results:

	Old Mediacom	
	Period from January 1 to February 28, 1999	Year ended December 31, 1998
	(Amounts in Thousands)	
Revenue	$7,612	$43,849
Excess of revenues over direct expenses	$ 464	$ 1,999

4. Parent's Investment

Parent's investment in Missouri Mediacom Systems at December 31, 2000 and December 31, 1999 is summarized as follows:

	December 31, 2000	December 31, 1999
	(Amounts in Thousands)	
Transfers from parent, net	$291,120	$296,836
Cumulative excess of revenues over direct expenses	7,842	3,195
	$298,962	$300,031

The non-interest bearing transfers from parent includes AT&T Broadband's equity in acquired systems, programming charges, management fees and advances for operations, acquisitions and construction costs, as well as the amounts charged as a result of the allocation of certain costs from AT&T.

As a result of AT&T Broadband's 100% ownership of Missouri Mediacom Systems, transfers from parent amounts have been classified as a component of Parent's investment in the accompanying combined balance sheets.

Missouri Mediacom Systems purchases, at AT&T Broadband's cost, certain pay television and other programming through a certain indirect subsidiary of AT&T Broadband. Charges for such programming are included in operating expenses in the accompanying combined financial statements.

Certain subsidiaries of AT&T Broadband provide administrative services to Missouri Mediacom Systems and assume managerial responsibility of Missouri Mediacom Systems' cable television system operations and construction. As compensation for these services, Missouri Mediacom Systems pay a monthly management fee calculated on a per-subscriber basis.

The parent transfers and expense allocation activity consist of the following:

	New Mediacom		Old Mediacom	
	Year ended December 31, 2000	Period from March 1 to December 31, 1999	Period from January 1 to February 28, 1999	Year ended December 31, 1998
	(Amounts in Thousands)			
Beginning of period	$296,836	$297,939	$107,283	$113,765
Programming charges	13,891	10,566	2,073	10,699
Management fees	2,074	1,539	161	1,718
Cash transfers	(21,681)	(13,208)	(3,092)	(18,899)
End of period	$291,120	$296,836	$106,425	$107,283

5. Employee Benefit and Stock-Based Compensation Plans

AT&T sponsors savings plans for the majority of its employees. Prior to the AT&T Merger, Tele-Communications, Inc. also sponsored savings plans for the majority of its employees. The plans allow employees to contribute a portion of their pre-tax and/or after-tax income in accordance with specified guidelines. Employee contributions are matched up to certain limits. AT&T Broadband contributions for employees of Missouri Mediacom Systems amounted to $248,000 and $309,000 for the period March 1, 1999 to December 31, 1999 and the year ended December 31, 2000, respectively. Tele-Communications, Inc. contributions for employees of Missouri Mediacom Systems amounted to $285,000 and $50,000 for the year ended December 31, 1998 and the period January 1, 1999 to February 28, 1999, respectively.

Under AT&T's 1997 Long-term Incentive Program (the "Program"), which was effective June 1, 1997, and amended on May 19, 1999 and March 14, 2000, AT&T grants stock options, performance shares, restricted stock and other awards on AT&T common stock as well as stock options on the AT&T Wireless Group tracking stock. Employees of Missouri Mediacom Systems were eligible to receive stock options under this plan effective with the AT&T Merger (see Note 1).

Under the Program, there were 150 million shares of AT&T common stock available for grant with a maximum of 22.5 million common shares that could be used for awards other than stock options. Beginning with January 1, 2000, the remaining shares available for grant at December 31 of the prior year, plus 1.75% of the shares of AT&T common stock outstanding on January 1 of each year, become available for grant. There is a maximum of 37.5 million shares that may be used for awards other than stock options. The exercise price of any stock option is equal to the stock price when the option is granted. Generally, the options vest over three or four years and are exercisable up to 10 years from the date of grant.

Under the AT&T 1996 Employee Stock Purchase Plan (the "Plan"), which was effective July 1, 1996, AT&T is authorized to sell up to 75 million shares of AT&T common stock to its eligible employees. Under the terms of the Plan, employees may have up to 10% of their earnings withheld to purchase AT&T's common stock. The purchase price of the stock on the date of exercise is 85% of the average high and low sale prices of shares on the New York Stock Exchange for that day.

The Systems apply Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees," and related interpretations in accounting for its plans. Accordingly, no compensation expense has been recognized for stock-based compensation plans for the Missouri Mediacom Systems.

The Systems have adopted the disclosure-only provisions of SFAS No. 123, "Accounting for Stock-Based Compensation." If the Systems had elected to recognize compensation costs based on the fair value at the date of grant for AT&T awards granted to Systems' employees in 2000, consistent with the provisions of SFAS No. 123, Missouri Mediacom Systems' excess of revenues over direct expenses would have been adjusted to reflect additional compensation expense resulting in the following pro forma amounts:

	Year ended December 31, 2000 (Amounts in Thousands)
Excess of revenues over direct expenses	$4,136

AT&T granted approximately 35,250 and 11,750 stock options to Missouri Mediacom Systems' employees during 2000 for AT&T stock and AT&T Wireless Group tracking stock, respectively. At the date of grant, the exercise price for AT&T options and AT&T Wireless Group tracking stock options granted to AT&T Broadband employees during 2000 was $33.81 and $27.56, respectively. The fair value at date of grant for AT&T options and AT&T Wireless Group tracking stock options granted to AT&T Broadband employees during 2000 was $10.59 and $11.74, respectively, and was estimated using the Black-Scholes option-pricing model. The following assumptions were applied for 2000 for the AT&T options and the AT&T Wireless Group tracking stock options: (i) expected dividend yield of 1.7% and 0%, respectively, (ii) expected volatility rate of 34% and 55%, respectively, (iii) risk-free interest rate of 6.24% and 6.2%, respectively, and (iv) expected life of 4 and 3 years, respectively.

6. Commitments and Contingencies

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

Although the Federal Communications Commission (the "FCC") has established regulations required by the 1992 Cable Act, local government units (commonly referred to as local franchising authorities) are primarily responsible for administering the regulation of a cable system's basic service tier.

Management of the Systems believes that it has complied in all material respects with the provisions of the 1992 Cable Act and the 1996 Act, including its rate setting provisions. If, as a result of the review process, a system cannot substantiate its rates, it could be required to retroactively reduce its rates to the appropriate benchmark and refund the excess portion of rates received.

Certain plaintiffs have filed or threatened separate class action complaints against cable systems across the United States alleging that the systems' delinquency constitutes an invalid liquidated damage provision, a breach of contract and violates local consumer protection statutes. Plaintiffs seek recovery of all late fees paid to the subject systems as a class purporting to consist of all subscribers who were assessed such fees during the applicable limitation period, plus attorney fees and costs. In December 2000, a settlement agreement was approved by the Court with respect to certain late fee class action complaints, which involves certain subscribers of Missouri Mediacom Systems. Certain other plaintiff suits, involving Missouri Mediacom Systems, remain unresolved. The December 2000 and any future settlements are not expected to have a material impact on Missouri Mediacom Systems' financial condition or excess of revenues over direct expenses.

Missouri Mediacom Systems have contingent liabilities related to legal proceedings and other matters arising in the ordinary course of business. Although it is reasonably possible Missouri Mediacom Systems may incur losses upon conclusion of such matters, an estimate of any loss or range of loss cannot be made.

Missouri Mediacom Systems leases business offices, has entered into pole rental agreements and uses certain equipment under lease arrangements. Rental expense for such arrangements amounted to $305,000, $346,000, $87,000 and $389,000 for the year ended December 31, 2000, the period March 1, 1999 to December 31, 1999, the period January 1, 1999 to February 28, 1999 and the year ended December 31, 1998, respectively.

Future minimum lease payments under non-cancelable operating leases for each of the next five years are summarized as follows:

December 31,	(Amounts in Thousands)
2001	$183
2002	170
2003	41
2004	--
2005	--
Thereafter	--

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

MISSOURI MEDIACOM SYSTEMS

(A combination of certain assets, as defined in Note 1)

COMBINED STATEMENT OF ASSETS, LIABILITIES AND PARENT'S INVESTMENT

(in thousands)

	March 31, 2001	March 31, 2000
		(unaudited)
Assets		
Cash and cash equivalents	$ 3,541	$ 2,437
Trade and other receivables, net of allowance for doubtful accounts of $203 and $117 at March 31, 2001 and 2000, respectively	1,703	1,622
Property and equipment, at cost:		
Land	617	617
Distribution systems	64,829	53,911
Support equipment and buildings	6,268	4,619
	71,714	59,147
Less accumulated depreciation	16,244	7,198
Property and equipment, net	55,470	51,949
Intangible assets, net	237,099	244,117
Other assets	166	87
Total assets	$297,979	$300,212
Liabilities and Parent's Investment		
Accounts payable	$ 172	$ 154
Accrued liabilities	1,540	1,360
Total liabilities	1,712	1,514
Parent's investment (Note 3)	296,267	298,698
Commitments and contingencies (Note 5)		
Total liabilities and parent's investment	$297,979	$300,212

The accompanying notes are an integral part of these combined financial statements.

MISSOURI MEDIACOM SYSTEMS
(A combination of certain assets, as defined in Note 1)

COMBINED STATEMENTS OF REVENUES AND DIRECT EXPENSES AND PARENT'S INVESTMENT
(in thousands)

	Three months ended March 31, 2001	2000
	(unaudited)	
Revenue	$ 13,988	$ 12,257
Direct costs and expenses:		
Operating (Note 3)	6,910	6,034
Selling, general and administrative	1,170	1,132
Management fees (Note 3)	856	427
Depreciation	2,596	2,032
Amortization	1,754	1,754
Excess of revenue over direct expenses	702	878
Parent's investment:		
Beginning of period	298,962	300,031
Change in transfers from parent, net (Note 3)	(3,397)	(2,211)
End of period	$296,267	$298,698

The accompanying notes are an integral part of these combined financial statements.

MISSOURI MEDIACOM SYSTEMS
(A combination of certain assets, as defined in Note 1)

COMBINED STATEMENTS OF CASH FLOWS
(in thousands)

	Three months ended March 31, 2001	Three months ended March 31, 2000
	(unaudited)	(unaudited)
Cash Flows From Operating Activities		
Excess of revenue over direct expenses	$ 702	$ 878
Adjustments to reconcile excess of revenue over direct expenses to net cash provided by operating activities:		
Depreciation and amortization	4,350	3,786
Changes in operating assets and liabilities:		
Decrease in trade and other receivables	526	272
Increase in other assets	(77)	(25)
Decrease in accounts payable	(54)	(211)
Decrease in accrued liabilities	(103)	(27)
Net cash provided by operating activities	5,344	4,673
Cash Flows From Investing Activities		
Capital expenditures for property and equipment	(1,811)	(2,627)
Cash Flows From Financing Activities		
Change in transfers from parent, net	(3,397)	(2,211)
Net increase (decrease) in cash and cash equivalents	136	(165)
Cash and cash equivalents at beginning of period	3,405	2,602
Cash and cash equivalents at end of period	$ 3,541	$ 2,437

The accompanying notes are an integral part of these combined financial statements.

MISSOURI MEDIACOM SYSTEMS
(A combination of certain assets, as defined in Note 1)

NOTES TO COMBINED FINANCIAL STATEMENTS
(unaudited)

1. Basis of Presentation and Summary of Significant Accounting Policies

On February 26, 2001, subsidiaries of AT&T Corp. ("AT&T") entered into an agreement with Mediacom Communications Corporation ("Mediacom") under which such subsidiaries agreed to sell certain cable television systems serving approximately 97,000 customers, as of March 31, 2001, located primarily in Missouri, and wholly owned by various cable subsidiaries and partnerships of AT&T, to Mediacom (the "Missouri Mediacom Systems" or the "Systems").

In the opinion of management, the accompanying unaudited combined financial statements include all adjustments (consisting of normal recurring items) necessary for a fair presentation of results for the interim periods presented by the Systems. The excess of revenue over direct expenses for any interim period is not necessarily indicative of results for the full year. The unaudited combined financial statements and footnote disclosures should be read in conjunction with the audited combined financial statements and related notes thereto for the year ended December 31, 2000.

The accompanying unaudited combined financial statements include the specific accounts directly related to the activities of the Missouri Mediacom Systems. All significant inter-system accounts and transactions have been eliminated in combination. The combined net assets of the Missouri Mediacom Systems are referred to as "Parent's Investment."

On March 9, 1999, AT&T acquired AT&T Broadband, LLC ("AT&T Broadband", formerly known as Tele-Communications, Inc.) in a merger (the "AT&T Merger"). In the AT&T Merger, AT&T Broadband became a subsidiary of AT&T. For financial reporting purposes, the AT&T Merger was deemed to have occurred on March 1, 1999.

Certain costs of AT&T Broadband are charged to the Systems based primarily on Missouri Mediacom Systems' number of customers (see Note 3). Although such allocations are not necessarily indicative of the costs that would have been incurred by the Missouri Mediacom Systems on a stand alone basis, management believes that the resulting allocated amounts are reasonable.

The net assets of the Systems are held by various wholly-owned subsidiaries and partnerships of AT&T Broadband. Accordingly, the unaudited financial statements of Missouri Mediacom Systems do not reflect all of the assets and liabilities that would be indicative of a stand-alone business. The assets, liabilities, excess of revenue over direct expenses and cash flows of Missouri Mediacom Systems could differ from reported results had Missouri Mediacom Systems operated autonomously or as an entity independent of AT&T. In particular, Missouri Mediacom Systems does not constitute a taxable entity, and therefore, no provision has been made for income tax expense or benefit in the accompanying unaudited combined financial statements. In addition, no interest expense incurred by AT&T and its subsidiaries on their debt obligations has been allocated to Missouri Mediacom Systems.

Cash and cash equivalents

Cash and cash equivalents consist of deposits with banks and financial institutions that are unrestricted as to withdrawal or use and have maturities of less than 90 days.

AT&T performs cash management functions on behalf of AT&T Broadband, including the Missouri Mediacom Systems. Substantially all of the Systems' cash balances are swept to AT&T on a daily basis, where they are managed and invested by AT&T. Transfers of cash to and from AT&T are reflected as a component of Parent's investment, with no interest income or expense reflected. Net transfers to or from AT&T are assumed to be settled in cash. AT&T's capital contributions for purchase business combinations to the Systems have been treated as non-cash transactions.

Property and Equipment

Property and equipment is stated at cost, including acquisition costs allocated to tangible assets acquired. Construction costs, labor and applicable overhead related to installations are capitalized. Interest capitalized was not significant for any periods presented.

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

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

Intangible Assets

Intangible assets consist primarily of franchise costs and intangibles for customer relationships. Franchise costs represent the difference between AT&T Broadband's allocated historical cost of acquired assets of Missouri Mediacom Systems and amounts allocated to the tangible assets. Franchise costs and customer relationships are generally amortized on a straight-line basis over 40 and 10 years, respectively. Costs incurred by Missouri Mediacom Systems in negotiating and renewing franchise agreements are amortized on a straight-line basis over the average lives of the franchise, generally 10 to 20 years.

Impairment of Long-lived Assets

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

Revenue Recognition

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

Statement of Cash Flows

Transactions effected through the intercompany account due to (from) parent have been considered constructive cash receipts and payments for purposes of the combined statement of cash flows.

Stock-Based Compensation

Stock-based compensation is accounted for in accordance with Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees." The Systems follow the disclosure-only provisions of Statement of Financial Accounting Standard ("SFAS") No. 123, "Accounting for Stock-Based Compensation."

Estimates

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

2. Intangibles

Intangibles are summarized as follows:

	March 31, 2001	March 31, 2000
	(Amounts in Thousands)	
Franchise costs	$ 242,053	$ 242,053
Other intangibles	9,667	9,667
	251,720	251,720
Less accumulated amortization	14,621	7,603
Intangibles, net	$ 237,099	$ 244,117

Amortization expense on franchise costs was $1,513,000 for the three months ended March 31, 2001 and 2000. Amortization expense for other intangibles was $241,000 for the three months ended March 31, 2001 and 2000.

3. Parent's Investment

Parent's investment in Missouri Mediacom Systems is summarized as follows:

	March 31, 2001	March 31, 2000
	(Amounts in Thousands)	
Transfers from parent, net	$ 287,723	$ 294,625
Cumulative excess of revenue over direct expenses since March 1, 1999	8,544	4,073
	$ 296,267	$ 298,698

The non-interest bearing transfers from parent includes AT&T Broadband's equity in acquired systems, programming charges, management fees and advances for operations, acquisitions and construction costs, as well as the amounts charged as a result of the allocation of certain costs from AT&T.

As a result of AT&T Broadband's 100% ownership of Missouri Mediacom Systems, transfers from parent amounts have been classified as a component of Parent's investment in the accompanying combined balance sheets.

Missouri Mediacom Systems purchases, at AT&T Broadband's cost, certain pay television and other programming through a certain indirect subsidiary of AT&T Broadband. Charges for such programming are included in operating expenses in the accompanying combined financial statements.

Certain subsidiaries of AT&T Broadband provide administrative services to Missouri Mediacom Systems and assume managerial responsibility of Missouri Mediacom Systems' cable television system operations and construction. As compensation for these services, Missouri Mediacom Systems pay a monthly management fee calculated on a per-subscriber basis.

The parent transfers and expense allocation activity consist of the following:

	Three months ended March 31, 2001	2000
	(Amounts in Thousands)	
Beginning of period	$291,120	$296,836
Programming charges	4,043	3,381
Management fees	856	427
Cash transfers	(8,296)	(6,019)
End of period	$287,723	$294,625

4. Employee Benefit and Stock-Based Compensation Plans

AT&T sponsors savings plans for the majority of its employees. The plan allows employees to contribute a portion of their pre-tax and/or after-tax income in accordance with specified guidelines. Employee contributions are matched up to certain limits. AT&T Broadband contributions for employees of Missouri Mediacom Systems amounted to $48,000 and $74,000 for the three months ended March 31, 2001 and 2000, respectively.

Under AT&T's 1997 Long-term Incentive Program (the "Program"), which was amended March 14, 2000, AT&T grants stock options, performance shares, restricted stock and other awards on AT&T common stock as well as stock options on the AT&T Wireless Group tracking stock. Employees of Missouri Mediacom Systems were eligible to receive stock options under this plan effective with the AT&T Merger (see Note 1).

Under the Program, there were 150 million shares of AT&T common stock available for grant with a maximum of 22.5 million common shares that could be used for awards other than stock options. Beginning with January 1, 2000, the remaining shares available for grant at December 31 of the prior year, plus 1.75% of the shares of AT&T common stock outstanding on January 1 of each year, become available for grant. There is a maximum of 37.5 million shares that may be used for awards other than stock options. The exercise price of any stock option is equal to the stock price when the option is granted. Generally, the options vest over three or four years and are exercisable up to 10 years from the date of grant. There were no stock option grants to the Systems' employees under this plan during the three months ended March 31, 2001 and 2000.

Under the AT&T 1996 Employee Stock Purchase Plan (the "Plan"), which was effective July 1, 1996, AT&T is authorized to sell up to 75 million shares of AT&T common stock to its eligible employees. Under the terms of the Plan, employees may have up to 10% of their earnings withheld to purchase AT&T's common stock. The purchase price of the stock on the date of exercise is 85% of the average high and low sale prices of shares on the New York Stock Exchange for that day. Employees of Missouri Mediacom Systems were eligible to participate in the Plan effective with the AT&T Merger (see Note 1).

5. Commitments and Contingencies

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

Although the Federal Communications Commission (the "FCC") has established regulations required by the 1992 Cable Act, local government units (commonly referred to as local franchising authorities) are primarily responsible for administering the regulation of a cable system's basic service tier.

Management of the Systems believes that it has complied in all material respects with the provisions of the 1992 Cable Act and the 1996 Act, including its rate setting provisions. If, as a result of the review process, a system cannot substantiate its rates, it could be required to retroactively reduce its rates to the appropriate benchmark and refund the excess portion of rates received.

Certain plaintiffs have filed or threatened separate class action complaints against cable systems across the United States alleging that the systems' delinquency constitutes an invalid liquidated damage provision, a breach of contract and violates local consumer protection statutes. Plaintiffs seek recovery of all late fees paid to the subject systems as a class purporting to consist of all subscribers who were assessed such fees during the applicable limitation period, plus attorney fees and costs. In December 2000, a settlement agreement was approved by the Court with respect to certain late fee class action complaints, which involves certain subscribers of Missouri Mediacom Systems. Certain other plaintiff suits, involving Missouri Mediacom Systems, remain unresolved. The December 2000 settlement and any future settlements are not expected to have a material impact on Missouri Mediacom Systems' financial condition or excess of revenue over direct expenses.

Missouri Mediacom Systems have contingent liabilities related to legal proceedings and other matters arising in the ordinary course of business. Although it is reasonably possible Missouri Mediacom Systems may incur losses upon conclusion of such matters, an estimate of any loss or range of loss cannot be made.

Missouri Mediacom Systems leases business offices, has entered into pole rental agreements and uses certain equipment under operating lease arrangements. Rental expense for such arrangements amounted to $52,000 and $68,000 for the three months ended March 31, 2001 and 2000, respectively.

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

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 Communications Corporation
(Registrant)

Date: June 6, 2001

By: /s/ Mark Stephan

Mark Stephan
Senior Vice President
and Chief 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 LLC
(Registrant)

Date: June 6, 2001

By: /s/ Mark Stephan

Mark Stephan
Senior Vice President
and Chief 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
(Registrant)

Date: June 6, 2001

By: /s/ Mark Stephan

Mark Stephan
Senior Vice President
and Chief Financial Officer

Exhibit 23.1

CONSENT OF INDEPENDENT ACCOUNTANTS

We hereby consent to the incorporation by reference in the Registration Statement on Form S-3 (No. 333-55138) and Forms S-8 (No. 333-41366 and No. 333-41360) of Mediacom Communications Corporation of our reports dated April 9, 2001 relating to the financial statements of Georgia Mediacom Systems, Iowa Mediacom Systems, Southern Illinois Mediacom Systems and Missouri Mediacom Systems as of December 31, 2000 and 1999 and for the year ended December 31, 2000, the period March 1, 1999 to December 31, 1999, the period January 1, 1999 to February 28, 1999 and the year ended December 31, 1998, which appear in the Current Report on Form 8-K/A of Mediacom Communications Corporation dated June 6, 2001.

/s/ PricewaterhouseCoopers LLP

Denver, Colorado
June 5, 2001

EXHIBIT 99.2

ANNEX A

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS OF THE AT&T SYSTEMS

The following "Management's Discussion and Analysis of Financial Condition and Results of Operations of the AT&T Systems" has been prepared by Mediacom Broadband LLC in connection with its concurrent offering of $400.0 million in aggregate principal amount of % senior notes due 2013. For purposes of this Annex A, "our manager" refers to Mediacom Communications Corporation and "we," "us" and "our" refers to Mediacom Broadband LLC.

Introduction

Mediacom Broadband LLC is a newly-formed, wholly-owned subsidiary of our manager, Mediacom Communications. On February 26, 2001, our manager entered into agreements with affiliates of AT&T Broadband, LLC that will allow our operating subsidiaries to acquire cable systems in Georgia, Illinois, Iowa and Missouri. The aggregate purchase price of the AT&T systems is approximately $2.2 billion in cash, or approximately $2,640 per basic subscriber, subject to closing adjustments. We expect to complete the AT&T acquisitions no later than the third quarter of 2001, subject to customary closing conditions, including the receipt of consents from applicable cable television franchising authorities.

Pursuant to the terms of the indenture governing the notes, if all of the AT&T acquisitions are not closed prior to or concurrently with the issuance of the notes, the net proceeds of this offering, along with the additional amount necessary to fund the special mandatory redemption of the notes described in this offering memorandum, will be placed in an escrow account. If all of the AT&T acquisitions are not completed within 120 days from the issue date of the notes, the escrowed funds will be used to redeem all the notes at a redemption price equal to 101% of their principal amount, plus accrued and unpaid interest to the date of redemption. Upon the closing of the AT&T acquisitions, the escrowed funds will be released to pay a portion of the purchase price of the AT&T systems and related fees and expenses.

The following discussion and analysis is based on the aggregation of the historical combined financial statements, and our review of the business and operations, of each of the AT&T systems. For the periods described in this offering memorandum, the AT&T systems have been operated as fully integrated businesses of AT&T Broadband. As such, the AT&T systems' historical combined financial statements have been derived from the financial statements and accounting records of AT&T Broadband and reflect significant assumptions and allocations. For example, parent transfers and expense allocations include programming costs, management fees, cable system acquisitions and cash transfers. We believe the AT&T systems' historical combined financial statements do not reflect many significant changes that will occur in the operations and funding of the AT&T systems as a result of our acquisitions of the AT&T systems. Furthermore, we believe the discussion and analysis of the AT&T systems' financial condition and combined results of operations set forth below are not indicative nor should they be relied upon as an indicator of our future performance.

Certain Anticipated Effects of the Acquisitions

Upon completion of the AT&T acquisitions, we expect to implement significant changes that may have a material impact on the operations and funding of the AT&T systems. The historical and pro forma results from operations discussed in this "Management's Discussion and Analysis of Financial Condition and Results of Operations" and under the heading "Unaudited Pro Forma Combined Financial Statements" do not reflect certain cost savings that we believe we can achieve in the near future. For example, the historical combined direct costs and expenses of the AT&T systems were based on the cost structure existing under AT&T Broadband's ownership and management. However, upon completion of the AT&T acquisitions, certain costs and expenses will be different under our ownership and management. For example, our manager will replace AT&T Broadband as the manager of the AT&T systems, and AT&T Broadband will no longer be entitled to receive management fees from the AT&T systems. For the year ended December 31, 2000 and the three months ended March 31, 2001, combined management fees for the AT&T systems represented 5.1% and 7.5%, respectively, of the AT&T systems' combined revenue. By comparison, for the same periods, our manager's corporate expenses represented 1.8% and 1.7%, respectively, of its revenues, and our manager charged management fees to its existing operating subsidiaries in an amount equal to the same percentages of its operating subsidiaries' aggregate revenues. Upon completion of the AT&T acquisitions, the number of our manager's basic subscribers served will more than double, and our manager believes that its corporate expenses will not increase by the same relative amount. As a result, our manager expects to reduce its corporate expenses to approximately 1.5% of its revenues. Our manager has advised us that it currently intends to charge management fees to our operating subsidiaries equal to 1.5% of our combined revenue. Adjusted EBITDA assumes that, upon completion of the AT&T acquisitions, the amount of the management fees charged by our manager for the periods presented would have been 1.5% of our combined revenue.

Upon completion of the AT&T acquisitions, we believe that programming costs for the AT&T systems will initially increase by up to $7.8 million per annum as a result of volume discounts historically received by the AT&T systems that will not be available under our manager's existing arrangements with programming suppliers. However, we believe that we will be able to immediately achieve certain additional cost savings relating to plant operations, employee costs and billing expenses. We believe that these additional savings will substantially offset the increase to programming costs that we initially expect to incur. In addition, these cost savings do not include programming discounts our manager expects to negotiate as a result of the significant increase in the number of basic subscribers it will serve following the completion of the AT&T acquisitions.

General

Revenue. The AT&T systems' revenue is, and we expect our revenue to be, primarily attributable to monthly subscription fees charged to basic subscribers for our basic and premium cable television programming services.

Basic revenue consists of monthly subscription fees for all services other than premium programming and high-speed data service and also includes monthly charges for customer equipment rental and installation fees.

Premium revenue consists of monthly subscription fees for analog and digital programming provided on a per channel basis or as part of premium service packages.

Other revenue represents pay-per-view charges, high-speed data revenue, late payment fees, advertising revenue and commissions related to the sale of goods by home shopping services. Pay-per-view is programming offered on a per program basis which a subscriber selects and pays a separate fee.

Operating expenses. The AT&T systems' operating expenses consist of fees paid to programming suppliers, expenses related to copyright fees, wages and salaries of technical personnel and plant operating costs.

Selling, general and administrative expenses. Selling, general and administrative expenses directly attributable to the AT&T systems include wages and salaries for customer service and administrative personnel, franchise fees and expenses related to billing, marketing, bad debt, advertising sales and office administration.

Management fees. Certain subsidiaries of AT&T Broadband provide administrative services to the AT&T systems and have managerial responsibility of their cable television systems' operations and construction. As compensation for these services, the AT&T systems pay a monthly management fee calculated on a per-subscriber basis.

Depreciation and amortization. Depreciation and amortization relates primarily to the allocation of acquisition costs and from capital expenditures associated with the upgrade of the AT&T systems. Following our acquisition of the AT&T systems and as a result of our plan to continue to upgrade our network, we expect to report higher levels of depreciation and amortization than are reflected in the historical combined financial statements of the AT&T systems.

Interest expense. The AT&T systems are wholly-owned by affiliates of AT&T Broadband. As such, the AT&T systems have no material indebtedness and are not otherwise allocated any interest expense by AT&T Broadband. Upon consummation of the financings relating to the AT&T acquisitions, we will have a substantial amount of indebtedness.

EBITDA. EBITDA represents excess (shortfall) of revenue over direct expenses before depreciation and amortization and restructuring charge. 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;

- is not intended to represent funds available for debt service, dividends, reinvestment or other discretionary uses; and

- should not be considered in isolation or as a substitute for measures of performance prepared in accordance with generally accepted accounting principles.

EBITDA is included in this offering memorandum because our management believes that EBITDA is a meaningful measure of performance commonly used in the cable television industry and by the investment community to analyze and compare cable television companies. Our definition of EBITDA may not be identical to similarly titled measures reported by other companies.

The table below sets forth for the periods indicated on a historical basis the percentage of the AT&T systems' total revenue attributable to the sources indicated and their EBITDA.

	Year Ended December 31, 1998	Period from January 1, Through February 28, 1999	Period from March 1, Through December 31, 1999	Year Ended December 31, 2000	Three Months Ended March 31, 2000	Three Months Ended March 31, 2001
Basic revenue	73.2%	72.1%	70.1%	67.4%	69.8%	67.3%
Premium revenue	16.2	16.8	17.4	17.5	18.1	17.3
Other revenue	10.6	11.1	12.5	15.1	12.1	15.4
Total revenue	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
EBITDA margin	43.5%	38.4%	35.4%	35.0%	36.1%	28.9%

Results of Operations

On March 9, 1999, AT&T Corp. acquired AT&T Broadband, formerly known as Tele-Communications, Inc., in a merger (the "AT&T Merger"). In the AT&T Merger, AT&T Broadband became a subsidiary of AT&T. For financial reporting purposes, the AT&T Merger was deemed to have occurred on March 1, 1999. The combined financial statements for periods prior to March 1, 1999 include the systems that were then owned by Tele-Communications, Inc. Due to the application of purchase accounting in connection with the AT&T Merger, the predecessor combined financial statements are not comparable to the successor combined financial statements. The following discussion and analysis is based on the aggregation of the historical combined financial statements of the AT&T systems.

Three Months Ended March 31, 2001 Compared to Three Months Ended March 31, 2000

Revenue. Revenue increased 8.3% to $112.9 million for the three months ended March 31, 2001, as compared to $104.3 million for the three months ended March 31, 2000, principally as a result of:

- an increase in the average monthly basic service rate charged to subscribers;

- a growth of cable modem customers; and

- an increase in pay-per-view and advertising sales revenue.

Operating expenses. Operating expenses increased 16.8% to $61.7 million for the three months ended March 31, 2001, as compared to $52.8 million for the three months ended March 31, 2000. The increase was due principally to higher programming and cable modem service costs. Programming costs increased due to a combination of higher programming rates and additional programming offerings to customers served. Cable modem service costs increased due primarily to an increase in the number of cable modem customers. As a percentage of revenue, operating expenses were 54.6% for the three months ended March 31, 2001, as compared to 50.6% for the three months ended March 31, 2000.

Selling, general and administrative expenses. Selling, general and administrative expenses increased 6.5% to $10.1 million for the three months ended March 31, 2001, as compared to $9.5 million for the three months ended March 31, 2000. As a percentage of revenue, selling, general and administrative expenses were 8.9% for the three months ended March 31, 2001, as compared to 9.1% for the three months ended March 31, 2000.

Management fees. Management fees increased 93.1% to $8.5 million for the three months ended March 31, 2001, as compared to $4.4 million for the three months ended March 31, 2000. This increase was due to higher management fees charged by the manager of the AT&T systems on a per subscriber basis.

Restructuring charge. Restructuring charge was $570,000 for the three months ended March 31, 2001. Restructuring charge was part of a cost reduction plan undertaken by AT&T Broadband in 2001, whereby certain employees of the Georgia systems were terminated resulting in a one-time charge.

Depreciation and amortization. Depreciation and amortization associated with the AT&T systems increased 19.9% to $38.4 million for the three months ended March 31, 2001, as compared to $32.0 million for the three months ended March 31, 2000. This increase was substantially due to capital expenditures associated with the upgrade of the AT&T systems and the final purchase price allocation in connection with the AT&T Merger.

Excess (shortfall) of revenue over direct expenses. Due to the factors described above, the AT&T systems generated shortfall of revenue over direct expenses of $6.3 million for the three months ended March 31, 2001, as compared to excess of revenue over direct expenses of $5.6 million for the three months ended March 31, 2000.

EBITDA. EBITDA decreased 13.2% to $32.7 million for the three months ended March 31, 2001, as compared to $37.6 million for the three months ended March 31, 2000. This decrease was substantially due to the increases in programming costs, cable modem service costs and management fees as noted above.

Year Ended December 31, 2000 Compared to the Period from March 1, 1999 through December 31, 1999

Revenue. Revenue increased to $439.5 million for the year ended December 31, 2000, as compared to $336.6 million for the period from March 1, 1999 through December 31, 1999. The increase was principally a result of:

- the year ended December 31, 2000 including 12 months of operating results versus 10 months of operating results for the period from March 1, 1999 through December 31, 1999;

- an increase in the average monthly basic service rate charged to subscribers; and

- a growth in cable modem customers.

Operating expenses. Operating expenses increased to $223.5 million for the year ended December 31, 2000, as compared to $168.6 million for the period from March 1, 1999 through December 31, 1999. The increase was principally due to the year ended December 31, 2000 including 12 months of operating results versus 10 months of operating results for the period from March 1, 1999 through December 31, 1999 and increases in programming and cable modem service costs. As a percentage of revenue, operating expenses were 50.9% in 2000, as compared to 50.1% for the period from March 1, 1999 through December 31, 1999.

Selling, general and administrative expenses. Selling, general and administrative expenses increased to $39.9 million for the year ended December 31, 2000, as compared to $35.5 million for the period from March 1, 1999 through December 31, 1999. The increase was principally due to the year ended December 31, 2000 including 12 months of operating results versus 10 months of operating results for the period from March 1, 1999 through December 31, 1999. As a percentage of revenue, selling, general and administrative expenses were 9.1% in 2000, as compared to 10.5% for the period from March 1, 1999 through December 31, 1999.

Management fees. Management fees increased to $22.3 million for the year ended December 31, 2000, as compared to $13.4 million for the period from March 1, 1999 through December 31, 1999. The increase was due to the year ended December 31, 2000 including 12 months of operating results versus 10 months of operating results for the period from March 1, 1999 through December 31, 1999 and higher management fees charged by the manager of the AT&T systems on a per subscriber basis for the year ended December 31, 2000.

Depreciation and amortization. Depreciation and amortization associated with the AT&T systems increased to $137.2 million for the year ended December 31, 2000, as compared to $90.2 million for the period from March 1, 1999 through December 31, 1999. The increase was principally due to the capital expenditures associated with the upgrade of the AT&T systems and the year ended December 31, 2000 including 12 months of operating results versus 10 months of operating results for the period from March 1, 1999 through December 31, 1999.

Excess (shortfall) of revenue over direct expenses. Due to the factors described above, the AT&T systems generated excess of revenue over direct expenses of $16.7 million for the year ended December 31, 2000, as compared to excess of revenue over direct expenses of $28.9 million for the period from March 1, 1999 through December 31, 1999.

EBITDA. EBITDA increased to $153.9 million for the year ended December 31, 2000, as compared to $119.1 million for the period from March 1, 1999 through December 31, 1999. This increase was substantially due to the year ended December 31, 2000 including 12 months of operating results versus 10 months of operating results for the period from March 1, 1999 through December 31, 1999, the increase in the average monthly basic service rate charged to basic subscribers and the growth in cable modem customers.

Period from January 1, 1999 to February 28, 1999

Revenue. Revenue was $63.3 million for the two months ended February 28, 1999.

Operating expenses. Operating expenses were $31.5 million for the two months ended February 28, 1999. As a percentage of revenue, operating expenses were 49.7% of revenue for this period.

Selling, general and administrative expenses. Selling, general and administrative expenses were $5.6 million for the two months ended February 28, 1999. As a percentage of revenue, selling, general and administrative expenses were 8.8% of revenue for this period.

Management fees. Management fees were $1.9 million for the two months ended February 28, 1999.

Depreciation and amortization. Depreciation and amortization associated with the AT&T systems was $10.8 million for the two months ended February 28, 1999.

Excess of revenue over direct expenses. Due to the factors described above, excess of revenue over direct expenses was $13.5 million for the two months ended February 28, 1999.

Year Ended December 31, 1998

Revenue. Revenue was $368.3 million for the year ended December 31, 1998.

Operating expenses. Operating expenses were $165.5 million for the year ended December 31, 1998. As a percentage of revenue, operating expenses were 44.9% of revenues for this period.

Selling, general and administrative expenses. Selling, general and administrative expenses were $30.0 million for the year ended December 31, 1998. As a percentage of revenue, selling, general and administrative expenses were 8.1% of revenue for this period.

Management fees. Management fees were $12.8 million for the year ended December 31, 1998.

Depreciation and amortization. Depreciation and amortization associated with the AT&T systems was $63.8 million for the year ended December 31, 1998.

Excess of revenue over direct expenses. Due to the factors described above, excess of revenue over direct expenses was $96.3 million for the year period ended December 31, 1998.

Liquidity and Capital Resources

The cable television business has substantial ongoing capital requirements for the construction, expansion and maintenance of plant. Expenditures are primarily made to rebuild and upgrade existing plant and to consolidate headends. We also anticipate spending capital on plant extensions, new services, converters and system maintenance.

Investing Activities. As part of our commitment to maximize customer satisfaction, to improve our competitive position and to introduce new and advanced broadband products and services to our customers, we plan to make significant investments to upgrade our cable network. The objectives of our cable network upgrade program are to:

- increase the bandwidth capacity of our cable network to 870MHz;
- further expand our cable network's two-way communications capability;
- consolidate our headends through the extensive deployment of fiber-optic networks; and
- allow us to provide digital cable television, high-speed Internet access, interactive video and other telecommunications services.

As of March 31, 2001, approximately 50% of the AT&T systems' cable network was upgraded to 550MHz to 870MHz bandwidth capacity and approximately 46% of the homes passed were activated with two-way communications capability. Upon completion of our cable network upgrade program, we expect that 100% of the AT&T systems' cable network will be upgraded to 550MHz to 870MHz bandwidth capacity with two-way communications capability. Additionally, we expect that the number of headends serving the AT&T systems will be reduced from 162 to 18, increasing the average number of basic subscribers per headend from approximately 5,200 to approximately 47,000. We anticipate that our cable network upgrade program for the AT&T systems will be substantially completed by December 2003. We expect to spend approximately $50 million in 2001 subsequent to the completion of the AT&T acquisitions and approximately $150 million and $145 million in 2002 and 2003, respectively, to fund our capital expenditures for the AT&T systems, including our cable network upgrade program and network maintenance. We plan to fund these expenditures through net cash flows from operations and additional borrowings under our subsidiary credit facility.

Financing Activities. We expect to finance the aggregate purchase price of the AT&T systems of approximately $2.2 billion, together with related fees and expenses and working capital, through a combination of:

- borrowings under our subsidiary credit facility;
- proceeds from the concurrent offerings by Mediacom Communications of its Class A common stock and convertible notes and borrowings under its existing subsidiary credit facilities;
- a preferred equity investment by Mediacom Communications and/or one or more of its direct or indirect subsidiaries; and
- the gross proceeds from the issuance of the notes offered hereby.

The table below sets forth the estimated sources and uses of funds in connection with the AT&T acquisitions, assuming that all of the AT&T acquisitions and the financing transactions are completed.

	Amount (in thousands)
Sources of Funds:	
Subsidiary credit facility:	
Revolving credit facility	$ 275,000
Tranche A term loan facility	300,000
Tranche B term loan facility	400,000
From Mediacom Communications(a)	800,000
Preferred equity investment	100,000
Notes offered hereby	400,000
Total sources	$2,275,000
Uses of Funds:	
Acquisitions of the AT&T systems:	
Iowa	$1,450,000
Missouri	320,000
Georgia	310,000
Illinois	135,000
Working capital	5,000
Estimated fees and expenses	55,000
Total uses	$2,275,000

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(a) Consists of (i) $600.0 million of gross proceeds from the concurrent offerings by Mediacom Communications of Class A common stock and convertible notes and (ii) $200.0 million to be borrowed under our manager's existing subsidiary credit facilities. Includes estimated underwriting commissions and other fees and expenses incurred by Mediacom Communications of $26.6 million. The remaining $773.4 million will be contributed to the common equity of Mediacom Broadband LLC.

We expect that our subsidiary credit facility will be a $1.3 billion credit facility, consisting of a $600.0 million revolving credit facility, a $300.0 million tranche A term loan and a $400.0 million tranche B term loan. We expect that our subsidiaries will borrow $275.0 million under the revolving credit facility to fund a portion of the purchase price of the AT&T systems, and in such case will have approximately $325.0 million of unused credit commitments under the revolving credit facility. We expect that commitments under the revolving credit facility will be reduced in quarterly installments commencing on December 31, 2004 and that the revolving credit facility will expire on March 31, 2010. Our subsidiaries will be able to prepay revolving credit loans and reborrow any amounts that are repaid, up to the amount of the revolving credit commitment then in effect, subject to customary conditions.

The borrowings under our operating subsidiaries' tranche A and tranche B term loans are expected to mature on March 31 and September 30, 2010, respectively. These term loans are expected to be payable in quarterly installments commencing on September 30, 2004. For the fiscal years 2004, 2005 and 2006, we expect that our scheduled repayment obligations under the term loans will equal $8.0 million, $34.0 million and $41.5 million, respectively.

We are a holding company with no source of operating income. We are therefore dependent on our capital raising abilities and distributions from our operating subsidiaries to meet our obligations. We expect that our subsidiary credit facility will permit our operating subsidiaries to make distributions to us but prohibit such distributions upon the occurrence of certain events of default under the subsidiary credit facility.

We believe that the cash generated from operations and borrowings expected to be available under our subsidiary credit facility will be sufficient to meet our debt service, capital expenditures and working capital requirements for the foreseeable future. We may require additional financing if our plans materially change in an adverse manner or prove to be materially inaccurate. There can be no assurance that such financing, if permitted under the terms of our debt agreements, will be available on terms acceptable to us or at all.

Recent Pronouncements

In December 1999, the Securities and Exchange Commission issued Staff Accounting Bulletin No. 101 (SAB No. 101), "Revenue Recognition in Financial Statements." Application of the accounting and disclosures described in SAB No. 101 was required no later than the fourth quarter of 2000. We believe the AT&T systems are currently in compliance with the provisions of SAB No. 101. Further, we believe the adoption of SAB No. 101 did not have an impact on the results of operations, financial position or cash flows of the AT&T systems.

Inflation and Changing Prices

Our systems' costs and expenses will be subject to inflation and price fluctuations. Since changes in costs can be passed through to subscribers, such changes are not expected to have a material effect on our results of operations.

Quantitative and Qualitative Disclosures About Market Risk

We will be exposed to some market risk due to the floating interest rate under our subsidiary credit facility. The subsidiary credit facility will have interest payments based on a floating rate (a base rate or LIBOR, at our option) plus a variable amount based on operating results. Three month LIBOR at May 31, 2001 was 3.99%. A 1.0% increase in LIBOR would result in a $9.75 million pro forma annual increase in interest expense. We expect any new financing arrangements to expose us to similar risks.

Changes in economic conditions could result in higher interest rates, thereby increasing our interest expense and lease payments and reducing our funds available for capital investment, operations or other purposes. In addition, a substantial portion of our cash flow must be used to service our debt, which may affect our ability to make future acquisitions or capital expenditures. We may from time to time use interest rate protection agreements to minimize our exposure to interest rate fluctuation. However, there can be no assurance that hedges will be implemented, or if implemented will achieve the desired effect. We may experience economic loss and a negative impact on earnings or net assets as a result of interest rate fluctuations.