

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

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

For the quarterly period ended March 31, 2001

Commission File Number: 0-29227

Mediacom Communications Corporation
(Exact name of Registrant as specified in its charter)

Delaware
(State of incorporation)

06-1566067
(I.R.S. Employer
Identification Number)

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

(845) 695-2600
(Registrant's telephone number)

Indicate by check mark whether the Registrant (1) has filed all reports
required to be filed by Section 13 or 15 (d) of the Securities Exchange Act of
1934 during the preceding 12 months (or for such shorter period that the
Registrant was required to file such reports), and (2) has been subject to such
filing requirements for the past 90 days:

Yes X No
---- ----

As of March 31, 2001, there were 60,618,923 shares of Class A common stock
and 29,342,990 shares of Class B common stock outstanding.

MEDIACOM COMMUNICATIONS CORPORATION AND SUBSIDIARIES

FORM 10-Q
FOR THE PERIOD ENDED MARCH 31, 2001

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You should carefully review the information contained in this Quarterly Report and in other reports or documents that we file from time to time with the Securities and Exchange Commission (the "SEC"). In this Quarterly Report, we state our beliefs of future events and of our future financial performance. In some cases, you can identify those so-called "forward-looking statements" by words such as "may," "will," "should," "expects," "plans," "anticipates," "believes," "estimates," "predicts," "potential," or "continue" or the negative of those words and other comparable words. You should be aware that those statements are only our predictions. Actual events or results may differ materially. In evaluating those statements, you should specifically consider various factors, including the risks discussed in our Annual Report on Form 10-K for the year-ended December 31, 2000 and other reports that we file from time to time with the SEC. Those factors may cause our actual results to differ materially from any of our forward-looking statements. All forward-looking statements attributable to us or a person acting on our behalf are expressly qualified in their entirety by this cautionary statement.

PART I

ITEM 1. FINANCIAL STATEMENTS

MEDIACOM COMMUNICATIONS CORPORATION AND SUBSIDIARIES

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

	March 31, 2001 ----- (Unaudited)	December 31, 2000 -----
ASSETS		
Cash and cash equivalents	\$ 12,052	\$ 4,152
Subscriber accounts receivable, net of allowance for doubtful accounts of \$707 and \$932, respectively	13,184	13,500
Prepaid expenses and other assets	5,229	4,255
Investments	5,187	3,985
Investment in cable television systems:		
Inventory	17,253	14,131
Property, plant and equipment, at cost	872,916	841,549
Less - accumulated depreciation	(236,049)	(204,617)
Property, plant and equipment, net	636,867	636,932
Intangible assets, net of accumulated amortization of \$143,361 and \$125,181, respectively	668,176	686,009
Total investment in cable television systems	1,322,296	1,337,072
Other assets, net of accumulated amortization of \$6,753 and \$5,749, respectively	29,040	17,008
Total assets	\$ 1,386,988 =====	\$ 1,379,972 =====
LIABILITIES AND STOCKHOLDERS' EQUITY		
LIABILITIES		
Debt	\$ 1,025,000	\$ 987,000
Accounts payable and accrued expenses	79,673	81,140
Subscriber advances	4,267	3,886
Deferred revenue	9,248	40,510
Other liabilities	10,973	5,815
Total liabilities	\$ 1,129,161	\$ 1,118,351
STOCKHOLDERS' EQUITY		
Class A common stock, \$.01 par value; 300,000,000 shares authorized; 60,618,923 shares issued and outstanding as of March 31, 2001	606	606
Class B common stock, \$.01 par value; 100,000,000 shares authorized; 29,342,990 shares issued and outstanding as of March 31, 2001	293	293
Additional paid in capital	540,111	538,642
Accumulated comprehensive loss	(1,100)	(414)
Accumulated deficit	(282,083)	(277,506)
Total stockholders' equity	257,827	261,621
Total liabilities and stockholders' equity	\$ 1,386,988 =====	\$ 1,379,972 =====

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

MEDIACOM COMMUNICATIONS CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS
AND COMPREHENSIVE LOSS
(All amounts in 000's, except per share data)
(Unaudited)

	Three Months Ended March 31,	
	2001	2000
Revenues	\$ 90,334	\$ 77,440
Costs and expenses:		
Service costs	31,477	26,635
Selling, general and administrative expenses	15,170	13,389
Corporate expenses	1,517	1,420
Depreciation and amortization	50,957	40,680
Non-cash stock charges	1,195	26,073
Operating loss	(9,982)	(30,757)
Interest expense, net	20,733	18,423
Other (income) expenses	(27,843)	457
Net loss before income taxes	(2,872)	(49,637)
Provision for income taxes	63	4,589
Net loss before cumulative change in accounting principle	(2,935)	(54,226)
Cumulative effect of change in accounting principle	1,642	--
Net loss	\$ (4,577)	\$(54,226)
Unrealized (loss) gain on investments	(686)	1,517
Comprehensive loss	\$ (5,263)	\$(52,709)
Basic and diluted loss per share:		
Before cumulative effect of accounting change	\$ (0.03)	\$ (0.83)
Cumulative effect of accounting change	(0.02)	--
	\$ (0.05)	\$ (0.83)
Weighted average common shares outstanding	89,956	65,223

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

MEDIACOM COMMUNICATIONS CORPORATION AND SUBSIDIARIES

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

	Three Months Ended March 31,	
	2001	2000
	-----	-----
CASH FLOWS PROVIDED BY OPERATING ACTIVITIES:		
Net loss	\$ (4,577)	\$ (54,226)
Adjustments to reconcile net loss to net cash flows from operating activities:		
Depreciation and amortization	50,957	40,680
Provision for deferred income taxes	--	4,589
Change in fair value of swaps	3,270	--
Vesting of management stock	1,195	1,600
Other non-cash charges	--	24,473
Elimination and amortization of deferred Softnet revenue	(30,244)	(273)
Changes in assets and liabilities:		
Subscriber accounts receivable	316	1,236
Prepaid expenses and other assets	(974)	(2,417)
Accounts payable and accrued expenses	6,729	5,397
Subscriber advances	381	(258)
Deferred revenue	(1,018)	(343)
	-----	-----
Net cash flows provided by operating activities	26,035	20,458
	-----	-----
CASH FLOWS USED IN INVESTING ACTIVITIES:		
Capital expenditures	(42,686)	(36,775)
Other, net	(808)	(735)
	-----	-----
Net cash flows used in investing activities	(43,494)	(37,510)
	-----	-----
CASH FLOWS PROVIDED BY FINANCING ACTIVITIES:		
New borrowings	508,000	26,500
Repayment of debt	(470,000)	(365,500)
Net proceeds from sale of Class A common stock	--	354,453
Issuance of common stock in employee stock purchase plan	289	--
Financing costs	(12,930)	(100)
	-----	-----
Net cash flows provided by financing activities	25,359	15,353
	-----	-----
Net increase (decrease) in cash and cash equivalents	7,900	(1,699)
	-----	-----
CASH AND CASH EQUIVALENTS, beginning of period	4,152	4,473
	-----	-----
CASH AND CASH EQUIVALENTS, end of period	\$ 12,052	\$ 2,774
	=====	=====
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:		
Cash paid during the period for interest	\$ 17,682	\$ 23,001
	=====	=====

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

MEDIACOM COMMUNICATIONS CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

(1) Organization

Mediacom Communications Corporation ("MCC," and collectively with its direct and indirect subsidiaries, the "Company") is involved in the acquisition and development of cable television systems serving principally non-metropolitan markets. Through these cable systems, the Company provides entertainment, information and telecommunications services to its subscribers. As of March 31, 2001, the Company had acquired and was operating cable systems in 22 states, principally Alabama, California, Florida, Illinois, Indiana, Iowa, Kentucky, Minnesota, Missouri and North Carolina.

MCC, a Delaware corporation organized in November 1999, completed an initial public offering on February 9, 2000. Prior to the initial public offering, MCC had no assets, liabilities, contingent liabilities or operations. Immediately prior to the completion of its initial public offering, MCC issued shares of its Class A and Class B common stock in exchange for all of the outstanding membership interests in Mediacom LLC, a New York limited liability company organized in July 1995.

(2) Statement of Accounting Presentation and Other Information

Basis of Preparation of Consolidated Financial Statements

The consolidated financial statements presented for periods prior to the initial public offering of MCC are the consolidated financial statements of Mediacom LLC. Certain reclassifications have been made to the prior year's presentation and amounts to conform to the current year's presentation and amounts.

The consolidated financial statements as of March 31, 2001 and 2000 are unaudited. However, in the opinion of management, such statements include all adjustments, consisting only of normal recurring adjustments, necessary for a fair presentation of the results for the periods presented. The accounting policies followed during such interim periods reported are in conformity with generally accepted accounting principles and are consistent with those applied during annual periods. For additional disclosures, including a summary of MCC's accounting policies, the interim financial statements should be read in conjunction with MCC's Annual Report on Form 10-K (File No. 0-29227). The results of operations for the interim periods are not necessarily indicative of the results that might be expected for future interim periods or for the full year ending December 31, 2001.

Recent Accounting Pronouncements

In June 1998, Statement of Financial Accounting Standards No. 133 ("SFAS 133"), "Accounting for Derivative Instruments and Hedging Activities," was issued effective January 1, 2001. This statement establishes the accounting and reporting standards for derivatives and hedging activity. Upon adoption of SFAS 133, all derivatives are required to be recognized in the statement of financial position as either assets or liabilities and measured at fair value. As a result of the adoption of SFAS 133, the Company recorded an after tax charge of approximately \$1.6 million in the consolidated statements of operations during the three months ended March 31, 2001.

In March 1999, the Securities and Exchange Commission ("SEC") issued Staff Accounting Bulletin No. 101 ("SAB 101"). SAB 101 summarizes certain areas of the SEC's views in applying generally accepted accounting principles to revenue recognition in financial statements. SAB 101 does not apply to the Company's basic cable television business. The Company will continue to account for revenues based upon Statement of Financial Accounting Standards No. 51, "Financial Reporting by Cable Television Companies." SAB 101 will not have a material impact on the Company's results of operations and consolidated financial statements.

MEDIACOM COMMUNICATIONS CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

(3) Acquisitions

During 2000, the Company completed nine acquisitions of cable systems serving 53,000 basic subscribers for an aggregate purchase price of \$109.2 million, including a \$2.5 million deferred conditional payment to a seller. The cable systems serve communities in Alabama, Illinois, Iowa, Kentucky, Minnesota and South Dakota. The aggregate purchase price has been allocated as follows: approximately \$48.2 million to property, plant and equipment, and approximately \$58.5 million to intangible assets. Additionally, approximately \$2.7 million of direct acquisition costs have been allocated to property, plant and equipment and intangible assets. These acquisitions were financed with borrowings under the Company's credit facilities.

These acquisitions were accounted for using the purchase method of accounting, and accordingly, the purchase price of each of these acquired systems have been allocated to the assets acquired and liabilities assumed at their estimated fair values at their respective dates of acquisition.

Unaudited Pro Forma Information

The Company has reported the operating results of the acquired systems from the dates of their respective acquisition. The unaudited pro forma operating results presented below give pro forma effect to the acquisitions of the acquired systems as if such transactions had been consummated on January 1, 2000. This financial information has been prepared for comparative purposes only and does not purport to be indicative of the operating results which actually would have resulted had the acquisitions of the acquired systems been consummated at the beginning of the period presented.

	Three Months Ended March 31, 2000
	----- (dollars in thousands, except per share amounts)
Revenues.....	\$ 82,987
Operating expenses and costs:	
Service costs.....	28,989
SG&A expenses.....	14,458
Corporate expenses.....	1,420
Depreciation and amortization.....	43,369
Non-cash stock charges.....	26,073

Operating loss.....	(31,322)

Net loss.....	\$(57,088)
	=====
Basic and diluted loss per share	\$ (0.88)

(4) Loss Per Share

The Company calculates loss per share in accordance with Statement of Financial of Accounting Standards No. 128 ("SFAS 128"), "Earnings per Share." SFAS 128 computes basic loss per share by dividing the net loss by the weighted average number of shares of common stock outstanding during the period. Diluted loss per share is computed by dividing the net loss by the weighted average number of shares of common stock outstanding during the

MEDIACOM COMMUNICATIONS CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

period plus the effects of any potentially dilutive securities. Since the Company is reporting a net loss for the period, the inclusion of outstanding stock options would cause its loss per share to decrease and therefore, in accordance with SFAS 128, these options are not included in the computation of diluted loss per share.

The following table summarizes the Company's calculation of basic and diluted loss per share for the three months ended March 31, 2001 and 2000:

	Three Months Ended March 31,	
	2001	2000
	(in thousands, except per share amounts)	
Net loss.....	\$ (4,577)	\$(54,226)
Basic and diluted loss per share:		
Before cumulative effect of accounting change.....	\$ (0.03)	\$ (0.83)
Cumulative effect of accounting change.....	(0.02)	--
	-----	-----
	\$ (0.05)	\$ (0.83)
	=====	=====
Weighted average common shares outstanding.....	89,956	65,223

For the three months ended March 31, 2000, the weighted average shares outstanding was based, in part, on the conversion ratio used to exchange the Mediacom LLC membership units for shares of MCC common stock upon MCC's initial public offering in February 2000.

(5) Debt

As of March 31, 2001 and December 31, 2000, debt consisted of:

	March 31, 2001	December 31, 2000
	(dollars in thousands)	
8 1/2% senior notes.....	\$ 200,000	\$200,000
7 7/8% senior notes.....	125,000	125,000
9 1/2% senior notes.....	500,000	--
Bank credit facilities.....	200,000	662,000
	-----	-----
	\$1,025,000	\$987,000
	=====	=====

The average interest rate on outstanding debt under the bank credit agreements was 8.0% and 8.3% for the three months ended March 31, 2001 and December 31, 2000, respectively, before giving effect to the interest rate swap agreements discussed below.

The Company uses interest rate swap agreements in order to fix the interest rate for the duration of the contract as a hedge against interest rate volatility. As of March 31, 2001, the Company had entered into interest rate exchange agreements (the "Swaps") with various banks pursuant to which the interest rate on \$170.0 million is fixed at a weighted average swap rate of approximately 6.7%, plus the average applicable margin over the Eurodollar Rate option under the bank credit agreements. Under the terms of the Swaps, which expire from 2002 through 2004, the Company is exposed to credit loss in the event of nonperformance by the other parties to the Swaps. However, the Company does not anticipate nonperformance by the counterparties.

MEDIACOM COMMUNICATIONS CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

The stated maturities of all debt outstanding as of March 31, 2001 are as follows (dollars in thousands):

2002.....	\$	750
2003.....		2,000
2004.....		2,000
2005.....		2,000
2006.....		2,000
Thereafter		1,016,250

		\$1,025,000
		=====

(6) SoftNet

As of December 31, 2000, deferred revenue resulting from the Company's receipt of shares of SoftNet Systems, Inc. common stock amounted to approximately \$30.2 million, net of amortization taken. As of January 31, 2001, the Company formally terminated its relationship with SoftNet in all material respects. The Company recognized revenue of approximately \$287,000 and \$273,000 for the period ended January 31, 2001 and the three months ended March 31, 2000, respectively. As a result of the termination of the SoftNet relationship, the Company recognized the remaining deferred revenue of approximately \$30.0 million as other income in the consolidated statements of operations during the three months ended March 31, 2001.

For the year ended December 31, 2000, relating to the decline in value of the Company's investment in shares of SoftNet common stock that was deemed other than temporary, the Company recorded a non-cash charge of approximately \$28.5 million as a realized loss in other expenses in its consolidated statements of operations.

(7) Pending Acquisitions

On February 26, 2001, the Company entered into agreements with AT&T Broadband, LLC to acquire cable systems serving approximately 840,000 basic subscribers in Georgia, Illinois, Iowa, and Missouri, for an aggregate purchase price of \$2.215 billion in cash, subject to closing adjustments. The Company expects to fund these acquisitions through a combination of new debt and equity financings and borrowings under the Company's existing subsidiary credit facilities. These pending transactions are expected to close in the second and third quarter of 2001, subject to customary closing conditions, including the receipt of regulatory and other approvals.

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

Introduction

The Company does not believe the discussion and analysis of its historical financial condition and results of operations set forth below are indicative, nor should they be relied upon as an indicator, of its future performance because of certain significant past events. Those events include numerous acquisitions and several financing transactions, including the Company's initial public offering in February 2000.

Organization

The Company was organized as a Delaware corporation in November 1999 and completed an initial public offering in February 2000. Immediately prior to the completion of its initial public offering, the Company issued shares of common stock in exchange for all of the outstanding membership interests in Mediacom LLC, a New York limited liability company. Mediacom LLC commenced operations in March 1996.

Until the Company's initial public offering in February 2000, Mediacom Management Corporation, a Delaware corporation, provided management services to the operating subsidiaries of Mediacom LLC and received annual management fees. Mediacom Management utilized these fees to compensate its employees as well as to fund its corporate overhead. Such management fees were 2% of the Company's annual gross revenues. The management agreements were terminated upon the date of the Company's initial public offering. At that time, Mediacom Management's employees became the Company's employees and its corporate overhead became the Company's corporate overhead. These expenses are reflected as corporate expenses in the consolidated statements of operations.

Acquisitions

The Company has significantly expanded its business through acquisitions. All acquisitions have been accounted for under the purchase method of accounting and, therefore, the Company's historical results of operations include the results of operations for each acquired system subsequent to its respective acquisition date. In 2000, the Company completed nine acquisitions of cable systems serving a total of 53,000 basic subscribers (the "2000 Acquisitions"). The table below sets forth information on the acquisitions the Company completed in 2000.

Predecessor Owner -----	Acquisition Date -----	Purchase Price (in millions) -----	Basic Subscribers as of Acquisition Date -----
Rapid Communications Partners, L.P.	April 2000	\$ 8.0	6,000
MidAmerican Cable Systems, L.P.	April 2000	8.0	5,000
TriCable, Inc	May 2000	1.8	1,000
Spirit Lake Cable TV, Inc.	June 2000	10.8	5,000
South Kentucky Services Corporation	July 2000	2.1	1,000
Dowden Midwest Cable Partners, L.P.	August 2000	1.2	1,000
Illinet Communications of Central Illinois, LLC	October 2000	15.8	8,000
Satellite Cable Services, Inc.	October 2000	27.5	12,000
AT&T Broadband, LLC	December 2000	34.0	14,000
		-----	-----
		\$ 109.2	53,000
		=====	=====

Pending AT&T Acquisitions

On February 26, 2001, the Company entered into agreements with AT&T Broadband, LLC to acquire cable systems serving approximately 840,000 basic subscribers in Georgia, Illinois, Iowa and Missouri, for an aggregate purchase price of \$2.215 billion in cash, subject to closing adjustments. Among the AT&T systems' largest clusters are communities such as: Albany, Columbus, Tifton and Valdosta, Georgia; Charleston, Carbondale, Effingham, Marion, Moline and Rock Island, Illinois; Ames, Cedar Rapids, Clinton, Davenport, Des Moines, Dubuque, Fort Dodge, Iowa City, Mason City and Waterloo, Iowa; and Columbia, Jefferson City and Springfield, Missouri. The Company expects to fund these acquisitions through a combination of new debt and equity financings and borrowings under the Company's existing subsidiary credit facilities. These pending transactions are expected to close in the second and third quarter of 2001, subject to customary closing conditions, including the receipt of regulatory and other approvals.

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

General

EBITDA represents operating loss before depreciation and amortization and non-cash stock charges. EBITDA:

- o 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;
- o is not intended to represent funds available for debt service, dividends, reinvestment or other discretionary uses; and
- o 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 herein because the Company's management believes that EBITDA is a meaningful measure of performance as it is commonly used by the cable television industry and by the investment community to analyze and compare cable television companies. The Company's definition of EBITDA may not be identical to similarly titled measures reported by other companies.

Actual Results of Operations

The following historical information includes the results of operations of the 2000 Acquisitions, only for that portion of the respective period that such cable television systems were owned by the Company.

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

Revenues. Revenues increased 16.7% to \$90.3 million for the three months ended March 31, 2001 as compared to \$77.4 million for the three months ended March 31, 2000. Of the revenue increase of \$12.9 million, approximately \$6.0 million was attributable to the 2000 Acquisitions. Excluding the 2000 Acquisitions, revenues increased primarily due to basic rate increases associated with new programming introductions in the Company's core television services and to customer growth in the Company's recently launched digital cable and high-speed Internet access services.

Service costs. Service costs increased 18.2% to \$31.5 million for the three months ended March 31, 2001 as compared to \$26.6 million for the three months ended March 31, 2000. Of the service cost increase of \$4.9 million, approximately \$2.6 million was attributable to the 2000 Acquisitions. Excluding the 2000 Acquisitions, these costs increased primarily as a result of higher programming expenses, including rate increases by programmers and the costs of channel additions, and recurring costs associated with the Company's high-speed Internet access services. As a percentage of revenues, service costs were 34.8% for the three months ended March 31, 2001, as compared with 34.4% for the three months ended March 31, 2000.

Selling, general and administrative expenses. Selling, general and administrative expenses increased 13.3% to \$15.2 million for the three months ended March 31, 2001 as compared to \$13.4 million for the three months ended March 31, 2000. Of the selling, general and administrative expenses increase of \$1.8 million, approximately \$1.1 million was attributable to the 2000 Acquisitions. Excluding the 2000 Acquisitions, these costs increased primarily as a result of marketing costs associated with the promotion of the Company's new product offerings and higher customer service employee expense. As a percentage of revenues, selling, general and administrative expenses were 16.8% for the three months ended March 31, 2001 as compared with 17.3% for the three months ended March 31, 2000.

Corporate expenses. Corporate expenses increased 6.8% to \$1.5 million for the three months ended March 31, 2001 as compared to \$1.4 million for the three months ended March 31, 2000. As a percentage of revenues, corporate expenses were 1.7% for the three months ended March 31, 2001 as compared with 1.8% for the three months ended March 31, 2000.

Depreciation and amortization. Depreciation and amortization increased 25.3% to \$51.0 million for the three months ended March 31, 2001 as compared to \$40.7 million for the three months ended March 31, 2000. This increase was due to the Company's purchase of the 2000 Acquisitions and capital expenditures associated with the upgrade of the Company's cable systems.

Non-cash stock charges. Non-cash stock charges decreased 95.4% to \$1.2 million for the three months ended March 31, 2001 as compared to \$26.1 million for the three months ended March 31, 2000. This decrease is due to a one-time \$24.5 million charge which occurred in February 2000, resulting from the termination of the management agreements with Mediacom Management on the date of the Company's initial public offering.

Interest expense, net. Interest expense, net, increased 12.5% to \$20.7 million for the three months ended March 31, 2001 as compared to \$18.4 million for the three months ended March 31, 2000. This increase was primarily due to higher cost of debt, resulting from the issuance of the Company's 9 1/2% senior notes issued in January 2001, and higher average debt outstanding for the three months ended March 31, 2001.

Other (income) expenses. Other income was \$27.8 million for the three months ended March 31, 2001 as compared to \$457,000 of other expense for the three months ended March 31, 2000. This change was principally due to the elimination of the remainder of the deferred SoftNet revenue resulting from the termination of the contract with SoftNet Systems, Inc. (See Note 6).

Provision for income taxes. Provision for income taxes was \$63,000 for the three months ended March 31, 2001 as compared to \$4.6 million for the three months ended March 31, 2000. This provision reflects the net tax effect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes.

Net loss. Due to the factors described above and a one-time charge of \$1.6 million resulting from the cumulative effect of change in accounting principle, the Company generated a net loss of \$4.6 million for the three months ended March 31, 2001 as compared to a net loss of \$54.2 million for the three months ended March 31, 2000.

EBITDA. EBITDA increased 17.2% to \$42.2 million for the three months ended March 31, 2001 as compared to \$36.0 million for the three months ended March 31, 2000. This increase was substantially due to the reasons noted above. As a percentage of revenues, EBITDA increased to 46.7% for the three months ended March 31, 2001 as compared with 46.5% for the three months ended March 31, 2000.

Selected Pro Forma Results

The Company has reported the results of operations of the 2000 Acquisitions from the date of their respective acquisition. The financial information below for the three months ended March 31, 2001 and 2000, presents selected unaudited pro forma operating results assuming the purchase of the 2000 Acquisitions had been consummated on January 1, 2000. This financial information is not necessarily indicative of what results would have been had the Company operated these cable systems since the beginning of 2000.

	Three Months Ended March 31,	
	2001	2000
	(dollars in thousands, except per subscriber data)	
Revenues.....	\$ 90,334	\$ 82,987
Costs and expenses:		
Service costs.....	31,477	28,989
SG&A expenses.....	15,170	14,458
Corporate expenses.....	1,517	1,420
Depreciation and amortization.....	50,957	43,369
Non-cash stock charges.....	1,195	26,073
Operating loss.....	\$ (9,982)	\$ (31,322)
Other Data:		
EBITDA	\$ 42,170	\$ 38,120
EBITDA margin(1).....	46.7%	45.9%
Basic subscribers(2).....	777,000	771,600
Average monthly revenue per basic subscriber(3).....	\$38.70	\$35.87

- (1) Represents EBITDA as a percentage of revenues.
(2) At end of the period.
(3) Represents average monthly revenues for the last three months of the period divided by average basic subscribers for the period.

Selected Pro Forma Results for Three Months Ended March 31, 2001 Compared to Selected Pro Forma Results for Three Months Ended March 31, 2000

Revenues increased 8.9% to \$90.3 million for the three months ended March 31, 2001, as compared to \$83.0 million for the three months ended March 31, 2000. This increase was attributable principally to basic rate increases associated with new programming introductions in the Company's core television services, internal subscriber growth of 0.7% and to customer growth in the Company's recently launched digital cable and high-speed Internet access services.

Service costs and selling, general and administrative expenses in the aggregate increased 7.4% to \$46.6 million for the three months ended March 31, 2001 from \$43.4 million for the three months ended March 31, 2000, principally due to higher programming costs, costs associated with the Company's high-speed Internet access services, marketing costs associated with the promotion of the Company's new product offerings and higher customer service employee expense.

Corporate expenses increased 6.8% to \$1.5 million for the three months ended March 31, 2001 from \$1.4 million for the three months ended March 31, 2000. As a percentage of revenues, corporate expenses were 1.7% for the three months ended March 31, 2001 and 2000.

Depreciation and amortization increased 17.5% to \$51.0 million for the three months ended March 31, 2001 from \$43.4 million for the three months ended March 31, 2000. This increase was principally due to capital expenditures associated with the upgrade of the Company's cable systems. Non-cash stock charges were as reported above.

As a result of the above factors, the Company generated an operating loss of \$10.0 million for the three months ended March 31, 2001, compared to \$31.3 million for the three months ended March 31, 2000.

EBITDA increased by 10.6% to \$42.2 million for the three months ended March 31, 2001 from \$38.1 million for the three months ended March 31, 2000. The EBITDA margin improved to 46.7% for the three months ended March 31, 2001 from 45.9% for the three months ended March 31, 2000.

Liquidity and Capital Resources

The Company's business requires substantial capital for the upgrade, expansion and maintenance of its cable network. In addition, the Company has pursued, and will continue to pursue, a business strategy that includes selective acquisitions. The Company has funded and will continue to fund its working capital requirements, capital expenditures and acquisitions through a combination of internally generated funds, long-term borrowings and equity financings.

Investing Activities

The Company plans to continue its aggressive cable network upgrade program and expects that 90% of its cable network will be upgraded with 550MHz to 870MHz bandwidth capacity and 80% of its homes passed will have two-way communications capability by year-end 2001. To achieve these targets and to fund other requirements, including new plant construction, headend eliminations, regional fiber interconnections, digital and high-speed data equipment and network maintenance, the Company expects to invest between \$180.0 million and \$200.0 million in capital expenditures in 2001. For the three months ended March 31, 2001, the Company's capital expenditures were \$42.7 million.

In 2000, the Company completed nine acquisitions of cable systems that served approximately 53,000 basic subscribers for an aggregate purchase price of \$109.2 million.

On February 26, 2001, the Company entered into agreements with AT&T Broadband, LLC to acquire cable systems serving approximately 840,000 basic subscribers in Georgia, Illinois, Iowa, and Missouri, for an aggregate purchase price of \$2.215 billion in cash, subject to closing adjustments. The Company expects to fund these acquisitions through a combination of new debt and equity financings and borrowings under the Company's existing subsidiary credit facilities. These transactions are expected to close in the second and third quarter of 2001, subject to customary closing conditions, including the receipt of regulatory and other approvals.

Financing Activities

To finance the Company's prior acquisitions and network upgrade program and to provide liquidity for future capital needs, the Company has completed the following financing arrangements since January 1, 1998:

- o \$550.0 million subsidiary credit facilities expiring in September 2008;
- o \$550.0 million subsidiary credit facilities expiring in December 2008;
- o \$200.0 million offering of 8 1/2% senior notes due April 2008;
- o \$125.0 million offering of 7 7/8% senior notes due February 2011;
- o \$500.0 million offering of 9 1/2% senior notes due January 2013 (see below);
- o \$104.5 million of equity capital contributed by the members of Mediacom LLC; and
- o \$354.1 million of net proceeds from the Company's initial public offering in February 2000.

The final maturities of the Company's subsidiary credit facilities are subject to earlier repayment on dates ranging from June 2007 to December 2007 if the Company does not refinance its 8 1/2% senior notes prior to March 31, 2007. As of March 31, 2001, the Company was in compliance with all of the financial and other covenants in its subsidiary credit facilities and public debt indentures. As of March 31, 2001, the Company had approximately \$898.6 million of unused credit commitments under its subsidiary credit facilities.

As of March 31, 2001, the Company entered into interest rate swap agreements, which expire from 2002 through 2004, to hedge \$170.0 million of floating rate debt under its subsidiary credit facilities. As a result of these interest rate swap agreements, 97% of the Company's outstanding indebtedness was at fixed interest rates or subject to interest rate protection on such date. After giving effect to these interest rate swap agreements, as of March 31, 2001, the Company's weighted average cost of indebtedness was approximately 9.0%.

Debt leverage and interest coverage ratios are commonly used in the cable television industry to measure liquidity and financial condition. For the three month period ended March 31, 2001, the Company's debt leverage ratio (defined as total debt at the end of the period, divided by pro forma annualized EBITDA for the period) was 6.1x and the Company's interest coverage ratio (defined as EBITDA divided by interest expense, net, for the period) was 2.0x.

On January 24, 2001, MCC's wholly-owned subsidiaries, Mediacom LLC and Mediacom Capital, completed an offering of \$500.0 million of 9 1/2% senior notes due January 2013. Interest on the 9 1/2% senior notes will be payable semi-annually on January 15 and July 15 of each year, commencing on July 15, 2001. Approximately \$467.5 million of the net proceeds were used to repay a substantial portion of the indebtedness outstanding under the Company's subsidiary credit facilities and related accrued interest. The balance of the net proceeds was used for general corporate purposes.

On February 7, 2001, the Company filed a registration statement with the Securities and Exchange Commission ("SEC") under which the Company may sell any combination of common and preferred stock, debt securities, warrants and subscription rights, for a maximum aggregate amount of \$1.0 billion. The SEC declared this registration statement effective on February 13, 2001.

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

Recent Accounting Pronouncements

In June 1998, Statement of Financial Accounting Standards No. 133 ("SFAS 133"), "Accounting for Derivative Instruments and Hedging Activities," was issued effective January 1, 2001. This statement establishes the accounting and reporting standards for derivatives and hedging activity. Upon adoption of SFAS 133, all derivatives are required to be recognized in the statement of financial position as either assets or liabilities and measured at fair value. The Company recorded an after tax charge of approximately \$1.6 million as a change in accounting principle in the first quarter of 2001.

In March 1999, the SEC issued Staff Accounting Bulletin No. 101 ("SAB 101"). SAB 101 summarizes certain areas of the SEC's views in applying generally accepted accounting principles to revenue recognition in financial statements. SAB 101 does not apply to the Company's basic cable television business. The Company will continue to account for revenues based upon Statement of Financial Accounting Standards No. 51, "Financial Reporting by Cable Television Companies." SAB 101 will not have a material impact on the Company's results of operations and consolidated financial statements.

Inflation and Changing Prices

The Company's systems' costs and expenses are 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 their results of operations.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

In the normal course of business, the Company uses interest rate swap agreements in order to fix the interest rate for the duration of the contract as a hedge against interest rate volatility. As of March 31, 2001, the Company had interest rate exchange agreements (the "Swaps") with various banks pursuant to which the interest rate on \$170.0 million is fixed at a weighted average swap rate of approximately 6.7%, plus the average applicable margin over the Eurodollar Rate option under the Company's bank credit agreements. Under the terms of the Swaps, which expire from 2002 through 2004, the Company is exposed to credit loss in the event of nonperformance by the other parties to the Swaps. However, the Company does not anticipate nonperformance by the counterparties. The Company would have paid approximately \$3.3 million if it terminated the Swaps, inclusive of accrued interest, at March 31, 2001. The table below provides information for the Company's long term debt. See Note 5 to the Company's consolidated financial statements.

	Expected Maturity						Total	Fair Value
	2002	2003	2004	2005	2006	Thereafter		
	(All dollar amounts in thousands)							
Fixed rate	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 200,000	\$ 200,000	\$ 190,000
Weighted average interest rate	8.5%	8.5%	8.5%	8.5%	8.5%	8.5%	8.5%	
Fixed rate	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 125,000	\$ 125,000	\$ 108,000
Weighted average interest rate	7.9%	7.9%	7.9%	7.9%	7.9%	7.9%	7.9%	
Fixed rate	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 500,000	\$ 500,000	\$ 489,000
Weighted average interest rate	9.5%	9.5%	9.5%	9.5%	9.5%	9.5%	9.5%	
Variable rate	\$ 750	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 191,250	\$ 200,000	\$ 200,000
Weighted average interest rate	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	

PART II

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits

Exhibit Number -----	Exhibit Description -----
10.1	1999 Stock Option Plan, as amended

(b) Reports on Form 8-K

The Company filed the following reports on Form 8-K during the three months ended March 31, 2001:

Date of Report -----	Date Report Filed with SEC -----	Items Reported -----
January 16, 2001	January 17, 2001	Item 5 - Other Events Item 7 - Financial Statements, Pro Forma Financial Information and Exhibits
January 18, 2001	January 22, 2001	Item 5 - Other Events Item 7 - Financial Statements, Pro Forma Financial Information and Exhibits
February 26, 2001	March 2, 2001	Item 5 - Other Events Item 7 - Financial Statements, Pro Forma Financial Information and Exhibits

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

May 15, 2001

BY: /S/ MARK E. STEPHAN

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

MEDIACOM COMMUNICATIONS CORPORATION

FIRST AMENDED AND RESTATED

1999 STOCK OPTION PLAN

1. Purpose of the Plan.

The purpose of the Mediacom Communications Corporation 1999 Stock Option Plan (the "Plan") is to promote the interests of Mediacom Communications Corporation, a Delaware corporation (the "Company"), and its stockholders by strengthening the Company's ability to attract and retain competent employees, to make service on the Board of Directors of the Company (the "Board") more attractive to present and prospective non-employee directors of the Company and to provide a means to encourage stock ownership and proprietary interest in the Company by officers, non-employee directors and valued employees and other individuals upon whose judgment, initiative and efforts the financial success and growth of the Company largely depend.

2. Options Granted under the Plan.

(a) The Company is authorized under this Plan to grant (i) incentive stock options ("qualified incentive options") that are intended to satisfy the requirements of Section 422 of the Internal Revenue Code of 1986, as amended (the "Code"), (ii) non-qualified stock options ("non-qualified options") that are not intended to satisfy the requirements of Section 422 of the Code and (iii) stock appreciation rights ("SARs"), in each case, with respect to shares of the Company's Class A and/or Class B common stock, \$0.01 par value per share ("Common Stock")

(b) Options granted pursuant to the Plan shall be authorized by action of the Board (or a committee designated by the Board) and may be designated as either qualified incentive stock options that are intended to satisfy the requirements of Section 422 of the Code, or non-qualified options that are not intended to satisfy the requirements of Section 422 of the Code. Such designation shall be in the sole discretion of the Board. Options designated as qualified incentive stock options that fail to satisfy, or fail to continue to satisfy, the requirements of Section 422 of the Code by reason of the transfer, exercise or failure to exercise such options or as otherwise provided in Section 422 of the Code shall be redesignated as non-qualified options automatically on the date of such failure without further action by the Board.

3. Stock Subject to the Plan.

(a) The total number of shares (the "Total Authorized Plan Shares") of the authorized but unissued or treasury shares of Common Stock for which the Company is authorized under this Plan to grant qualified incentive stock options, non-qualified options and SARs shall be equal, in the aggregate, to the greater

of (x) seven million (7,000,000) shares of Common Stock or, (y) in the event of

an initial public offering of Common Stock of the Company during the term of this Plan, an amount of shares of Common Stock determined as follows:

(A) 300,000; plus

(B) an amount equal to (i) the total number of shares of Common Stock outstanding upon the completion of the Company's initial public offering, including any shares issued by the Company pursuant to the underwriters' over-allotment option (collectively, the "Outstanding Shares"), divided by 0.85, reduced by (ii) the total number of Outstanding Shares; minus

(C) an amount equal to (i) 7.2% of (ii) the total number of Outstanding Shares divided by 0.9; and

(D) which aggregate number of shares of Common Stock derived from clauses (A), (B) and (C) above shall be rounded to the next highest 100,000 shares to arrive at the Total Authorized Plan Shares.

(b) Notwithstanding the number of Total Authorized Plan Shares determined as set forth in clauses (A) - (D) of subsection (a)(y) above, the total number of shares of Common Stock for which the Company is authorized under this Plan to grant qualified incentive stock options shall not exceed seven million (7,000,000) shares of Common Stock (the "Total Authorized QSO Shares"), and the amount, if any, of the Total Authorized Plan Shares in excess of the Total Authorized ISO Shares may only be applied in respect of non-qualified options and SARs.

(c) The number of Total Authorized Plan Shares and Total Authorized ISO Shares, as the case may be, shall be subject to adjustment as provided in Section 14 hereof and may be shares of any class of Common Stock as determined by the Board; provided, however, that, in either case, such number of shares may from time to time be reduced by the Board to the extent that a corresponding number of issued and outstanding shares of Common Stock are purchased by the Company and set aside for issue upon the exercise of options hereunder.

(d) If an option granted or assumed hereunder shall expire, terminate or be cancelled for any reason without having been exercised in full, the unpurchased shares subject thereto shall again be available for subsequent option grants under the Plan; provided, however, that shares as to which an option has been surrendered in connection with the exercise of a related SAR will not again be available for subsequent option or SAR grants under the Plan.

(e) Stock issuable upon exercise of an option or SAR granted under the Plan may be subject to such restrictions on transfer, repurchase rights or other restrictions as shall be determined by the Board.

4. Administration of the Plan.

The Plan shall be administered by the Board. No member of the Board shall act upon any matter exclusively affecting an option or SAR granted or to be granted to himself or herself under the Plan. A majority of the members of the Board shall constitute a quorum, and any action may be

taken by a majority of those present and voting at any meeting. The decision of the Board as to all questions of interpretation and application of the Plan shall be final, binding and conclusive on all persons. The Board may, in its sole discretion, grant options to purchase shares of Common Stock, grant SARs and issue shares upon exercise of such options and SARs, as provided in the Plan. The Board shall have authority, subject to the express provisions of the Plan, to construe the respective option and SAR agreements and the Plan, to prescribe, amend and rescind rules and regulations relating to the Plan, to determine the terms and provisions of the respective option and SAR agreements, which may but need not be identical, and to make all other determinations in the judgment of the Board necessary or desirable for the administration of the Plan. The Board may correct any defect or supply any omission or reconcile any inconsistency in the Plan or in any option or SAR agreement in the manner and to the extent it shall deem expedient to carry the Plan into effect and shall be the sole and final judge of such expediency. No director shall be liable for any action or determination made in good faith. The Board may, in its discretion, delegate its power, duties and responsibilities to a committee, consisting of two or more members of the Board, all of whom are "Non-Employee Directors" (as hereinafter defined). If a committee is so appointed, all references to the Board herein shall mean and relate to such committee, unless the context otherwise requires. For the purposes of the Plan, a director or member of such committee shall be deemed to be a "Non-Employee Director" only if such person qualifies as a "Non-Employee Director" within the meaning of paragraph (b)(3)(i) of Rule 16b-3 promulgated under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), as such term is interpreted from time to time.

5. Eligibility.

(a) Options and SARs may be granted to directors, officers and employees of the Company or a subsidiary of the Company (herein called "subsidiary" or "subsidiaries"), as defined in Section 424 of Code and the Treasury Regulations promulgated thereunder (the "Regulations"), and to such other individuals as the Board, in its discretion, may determine; provided, that no Option or SAR may be granted to any employee or other person who is or becomes represented for purposes of collective bargaining by a labor organization and is or becomes covered by a collective bargaining agreement between such labor organization and the Company or a subsidiary unless such collective bargaining agreement, by its terms, expressly provides for participation by such person in this Plan.

(b) Options designated as qualified incentive stock options may be granted only to officers and key employees of the Company or of any subsidiary. Directors who are not otherwise employees of the Company or a subsidiary shall not be eligible to be granted qualified incentive stock options pursuant to the Plan. SARs and options designated as non-qualified options may be granted to (i) officers and key employees of the Company or of any of its subsidiaries, or (ii) agents and directors of and consultants to the Company, whether or not otherwise employees of the Company.

(c) In determining the eligibility of an individual to be granted an option or SAR, and in determining the number of shares to be optioned to any individual, the Board shall take into account the recommendation of the Company's Chairman of the Board, the position and responsibilities of the individual being considered, the length of such individual's employment with or services to the

Company or the subsidiaries, the nature and value to the Company or its subsidiaries of his or her service and accomplishments, his or her present and potential contribution to the success of the Company or its subsidiaries, and such other factors as the Board may deem relevant.

6. Restrictions on Qualified Incentive Stock Options.

Qualified incentive stock options (but not non-qualified options) granted under this Plan shall be subject to the following restrictions:

(a) Limitation on Number of Shares. The aggregate fair market value of the shares of Common Stock with respect to which qualified incentive stock options are granted, determined as of the date the qualified incentive stock options are granted, exercisable for the first time by an individual during any calendar year shall not exceed \$100,000. If a qualified incentive stock option is granted pursuant to which the aggregate fair market value of shares with respect to which it first becomes exercisable in any calendar year by an individual exceeds such \$100,000 limitation, the portion of such option which is in excess of the \$100,000 limitation, and any such options issued subsequently which first becomes exercisable in the same such calendar year, shall be treated as a non-qualified option pursuant to section 422(d)(1) of the Code. In the event that an individual is eligible to participate in any other stock option plan of the Company or any parent or subsidiary of the Company which is also intended to comply with the provisions of Section 422 of the Code, such \$100,000 limitation shall apply to the aggregate number of shares for which qualified incentive stock options may be granted under this Plan and all such other plans.

(b) Ten Percent (10%) Stockholder. If any employee to whom a qualified incentive stock option is granted pursuant to the provisions of this Plan is on the date of grant the owner of stock (as determined under Section 424(d) of the Code) possessing more than 10% of the total combined voting power of all classes of stock of the Company or any parent or subsidiary of the Company, then the following special provisions shall be applicable to the qualified incentive stock options granted to such individual:

(i) The option price per share subject to such qualified incentive stock options shall not be less than 110% of the fair market value of the stock determined at the time such option was granted. In determining the fair market value under this clause (i), the provisions of Section 8 hereof shall apply.

(ii) The qualified incentive stock option shall have a term expiring not more than five (5) years from the date of the granting thereof.

7. Option Agreement.

Each option and SAR shall be evidenced by a written agreement (the "Agreement") duly executed on behalf of the Company and by the grantee to whom such option or SAR is granted, which Agreement shall comply with and be subject to the terms and conditions of the Plan. The Agreement may contain such other terms, provisions and conditions which are not inconsistent with

the Plan as may be determined by the Board, provided that options designated as qualified incentive stock options shall meet all of the conditions for qualified incentive stock options as defined in Section 422 of the Code. No option or SAR shall be granted within the meaning of the Plan and no purported grant of any option or SAR shall be effective until the Agreement shall have been duly executed on behalf of the Company and the optionee. More than one option and SAR may be granted to an individual.

8. Option Price.

(a) The option price or prices of shares of Common Stock for options designated as non-qualified stock options shall be as determined by the Board.

(b) Subject to the conditions set forth in Section 6(b) hereof, the option price or prices of shares of Common Stock for options designated as qualified incentive stock options shall be at least the fair market value of such Common Stock at the time the option is granted as determined by the Board in accordance with subsection (c) below.

(c) The fair market value of Common Stock shall be determined as follows:

(i) If the Common Stock is listed on any established stock exchange or a national market system, including without limitation the Nasdaq National Market or The Nasdaq SmallCap Market of The Nasdaq Stock Market, its fair market value shall be the closing sales price for such stock (or the closing bid, if no sales were reported) as quoted on such exchange or system for the last market trading day on the date of such grant and determination, as reported in The Wall Street Journal or such other source as the Board deems reliable;

(ii) If the Common Stock is regularly quoted by a recognized securities dealer but selling prices are not reported, its fair market value shall be the mean of the closing bid and asked prices for the Common Stock on the date of such grant and determination, as reported in The Wall Street Journal or such other source as the Board deems reliable;

(iii) In the absence of an established market for the Common Stock, the fair market value thereof shall be determined in good faith by the Board; or

(iv) For purposes of determining the fair market value of Common Stock in connection with the grant of a qualified incentive stock option at the time of the initial public offering of the Company's Common Stock, the fair market value shall be the initial price to the public as set forth in the final prospectus included within the registration statement in Form S-1 filed with the Securities and Exchange Commission for such initial public offering.

9. Manner of Payment; Manner of Exercise.

(a) Options granted under the Plan may provide for the payment of the exercise price by delivery of (i) cash or a check payable to the order of the Company in an amount equal to the exercise price of such options, (ii) shares of Common Stock owned by the optionee having a fair market value equal in amount to the exercise price of such options, or (iii) any combination of (i) and (ii); provided, however, that payment of the exercise price by delivery of shares of Common Stock owned by such optionee may be made only upon the condition that such payment does not result in a charge to earnings for financial accounting purposes as determined by the Board, unless such condition is waived by the Board. The fair market value of any shares of Common Stock which may be delivered upon exercise of an option shall be determined by the Board in accordance with Section 8 hereof.

(b) To the extent that the right to purchase shares under an option has accrued and is in effect, options may be exercised in full at one time or in part from time to time, by giving written notice, signed by the person or persons exercising the option, to the Company, stating the number of shares with respect to which the option is being exercised, accompanied by payment in full for such shares as provided in subparagraph (a) above. Upon such exercise, delivery of a certificate for paid-up non-assessable shares shall be made at the principal office of the Company to the person or persons exercising the option at such time, or as shall be designated in such notice, during ordinary business hours, after three (3) days but not more than ninety (90) days from the date of receipt of the notice by the Company, or at such time, place and manner as may be agreed upon by the Company and the person or persons exercising the option.

10. Exercise of Options and SARs.

Each option and SAR granted under the Plan shall, subject to Section 11 and Section 13 hereof, shall be exercisable at such time or times and during such period as shall be set forth in the Agreement; provided, however, that no option or SAR granted under the Plan shall have a term in excess of ten (10) years from the date of grant. To the extent that an option or SAR is not exercised when it becomes initially exercisable, such option or SAR shall not expire but shall be carried forward and shall be exercisable, on a cumulative basis, until the expiration of the exercise period provided in the Agreement unless and until such option or SAR sooner terminates or is cancelled pursuant to Section 11 or Section 13 hereof. No partial exercise may be made for less than one hundred (100) full shares of Common Stock. The exercise of an option shall result in the cancellation of the SAR to which it relates with respect to the same number of shares of Common Stock as to which the option was exercised.

11. Term, Expiration, Exercisability and Rescission of Options and SARs.

(a) Term and Expiration.

(i) Except as otherwise expressly provided by Section 6(b) of this Plan, each option and SAR granted under the Plan shall expire ten (10) years from the date of the granting thereof unless sooner terminated or cancelled as provided in this Section 11 or in the Agreement.

(ii) In the event the grantee of any option or SAR ceases for any reason to perform services for the Company or one of its subsidiaries, the entire portion of each such option or SAR which is not then vested or otherwise exercisable under this Plan and the Agreement shall automatically expire, terminate and become null and void on the date such grantee ceases to perform such services; provided, however, that the Board or the Chairman of the Board, in their sole discretion, may at the time of the grant or at any other time (x) permit any option or SAR to continue in effect in accordance with the terms of the Agreement and this Plan after the grantee ceases to perform services for the Company or a subsidiary and/or (y) accelerate the vesting and exercisability of such option or SAR with respect to shares that are not vested or otherwise exercisable under the provision of the Agreement or this Plan at the time the grantee ceases to perform such services.

(iii) In the event the grantee of any option or SAR is or becomes represented for purposes of collective bargaining by a labor organization and is or becomes covered by a collective bargaining agreement between such labor organization and the Company or a subsidiary which does not, by its terms, expressly provide for participation by the grantee in the Plan, the entire portion of each option and SAR granted to such grantee that is not then vested or otherwise exercisable under this Plan and the Agreement shall thereupon automatically expire, terminate and become null and void.

(iv) Nothing contained in this subsection 11(a) shall be construed as extending, or permitting the extension of, the term of any option or SAR beyond the time period set forth in clause (i) of this subsection 11(a).

(b) Limitations on Exercise.

(i) In the event the grantee of any option or SAR ceases for any reason to perform services for the Company or one of its subsidiaries, each option and SAR granted to such grantee that is vested and otherwise exercisable and in effect under this Plan and the Agreement on the date such grantee ceases to perform such services shall automatically terminate and be cancelled unless such option or SAR, as the case may be, is exercised in accordance with the Agreement and this Plan within 90 days after the grantee ceases to perform such services; provided, however, that the Board or the Chairman of the Board, in their sole discretion, may at the time of the grant or at any other time extend the period within which such option or SAR may be exercised beyond such 90 day period, subject to earlier cancellation pursuant s subsection 11(c) and/or rescission pursuant to subsection 11(d) hereof.

(ii) In the event the grantee of any option or SAR is or becomes represented for purposes of collective bargaining by a labor organization and is or becomes covered by a collective bargaining agreement between such labor organization and the Company or a subsidiary which does not, by its terms, expressly provide for participation by the grantee in the Plan, each option and SAR granted to such grantee that is then vested and otherwise

exercisable and in effect under this Plan and the Agreement shall automatically terminate, be cancelled and become null and void.

(c) Wrongful Activities; Cancellation. Notwithstanding any provisions of the Agreement or under this Plan, in the event the Company or a subsidiary terminates the employment of any grantee of an option or SAR on the grounds that such grantee engaged in any of the following activities ("Wrongful Activities"), or if at any time it is determined by the Board that the grantee engaged in any Wrongful Activity either during or after his or her employment with the Company or a subsidiary, then, in either of such events, any and all options or SARs granted to such grantee hereunder shall automatically terminate and be cancelled upon such termination of employment or determination by the Board, as the case may be, regardless of the extent to which such options and/or SARs are or were otherwise vested, accrued and exercisable:

(i) the commission by the grantee of a criminal act punishable as a felony with respect to his or her employment with the Company or any subsidiary; or

(ii) the unlawful taking or use by the grantee of any asset or property of the Company or of any subsidiary; or

(iii) the breach by the grantee of the terms of the Agreement or of any other written agreement (including any Agreement concerning the grant of an option or SAR under the Plan) between the employee and the Company or a subsidiary (which for these purposes shall include any predecessor entity or equity owner of such entity) insofar as such terms prohibit or otherwise restrict the grantee from (A) using or disclosing any confidential information of the Company or any subsidiary, (B) soliciting, encouraging or otherwise assisting any person to leave the employ of the Company or any subsidiary, (C) competing with, or rendering services to any competitor of, the Company or any subsidiary or (D) making or publishing any statement (oral or written) that is negative or derogatory in any way to the Company, any subsidiary or any of their respective executive officers.

(d) Rescission. Upon the exercise of any option or SAR at any time during or after the grantee's employment with the Company or a subsidiary, the grantee shall certify on a form acceptable to the Board that the grantee is in compliance with all of the terms and conditions of the Agreement and Plan and has not engaged in any Wrongful Activities. If at any time following the exercise of any option or SAR the Board determines that the grantee engaged in any Wrongful Activities at any time either prior to or within one year after such exercise, the exercise of such option or SAR, and any payment and delivery in connection therewith, shall be cancelled and rescinded. The Company shall notify the grantee in writing of any such rescission within two years after such exercise. Within ten days after delivery of such notice to the grantee, the grantee shall pay to the Company the amount of any gain realized or payment received as a result of the rescinded exercise, payment or delivery. Such payment shall be made, in the discretion of the Board, either in cash or by returning to the Company the number of shares of common Stock received by the grantee in connection with the rescinded exercise, payment or delivery. The remedies contained in this Section 11 with respect to the rescission and/or cancellation of any option or SAR granted to any

grantee who engages in any Wrongful Activity shall be in addition to, and shall not be construed as a limitation of, any and all other remedies available to the Company against such grantee by reason of such Wrongful Activity.

12. Options Not Transferable.

The right of any grantee to exercise any option or SAR granted to him or her shall not be assignable or transferable by such grantee other than by will or the laws of descent, and any such option or SAR shall be exercisable during the lifetime of such grantee only by him; provided, that the Board may permit a grantee, by expressly so providing in the related Agreement, to assign or transfer, without consideration (and only without consideration), the right to exercise any option or SAR granted to him or her to such grantee's children, grandchildren or spouse, to trusts for the benefit of such family members and to partnerships in which such family members are the only partners. Any option or SAR granted under this Plan shall be null and void and without effect upon the bankruptcy of the grantee to whom the option is granted, or upon any attempted assignment or transfer except as herein provided, including without limitation, any purported assignment, whether voluntary or by operation of law, pledge, hypothecation or other disposition, attachment, trustee process or similar process, whether legal or equitable, upon such option or SAR.

13. Terms and Conditions of SARs.

(a) An SAR may be granted separately or in connection with an option (either at the time of grant or at any time during the term of the option).

(b) The exercise of an SAR granted in connection with an option shall result in the cancellation of the option to which it relates with respect to the same number of shares of Common Stock as to which the SAR was exercised.

(c) An SAR granted in connection with an option shall be exercisable or transferable only to the extent that such related option is exercisable or transferable.

(d) Upon the exercise of an SAR related to an option, the holder will be entitled to receive payment of an amount determined by multiplying:

(i) the difference obtained by subtracting the purchase price of a share of Common Stock specified in the related option from the fair market value of a share of Common Stock on the date of exercise of such SAR (as determined by the Board in accordance with Section 8 hereof), by

(ii) the number of shares as to which such SAR is exercised.

(e) An SAR granted without relationship to an option shall be exercisable as determined by the Board, but in no event after ten years from the date of grant.

(f) An SAR granted without relationship to an option will entitle the holder, upon exercise of the SAR, to receive payment of an amount determined by multiplying:

(i) the difference obtained by subtracting the fair market value of a share of Common Stock on the date the SAR was granted from the fair market value of a share of Common Stock on the date of exercise of such SAR (as determined by the Board in accordance with Section 8 hereof), by

(ii) the number of shares as to which such SAR is exercised.

(g) Notwithstanding subsections (d) and (f) above, the Board may limit the amount payable upon exercise of an SAR. Any such limitation shall be determined as of the date of grant and noted on the instrument evidencing the SAR granted.

(h) At the discretion of the Board, payment of the amount determined under subsections (d) and (f) above may be made either in whole shares of Common Stock valued at their fair market value on the date of exercise of the SAR (as determined by the Board in accordance with Section 8 hereof), or solely in cash, or in a combination of cash and shares. If the Board decides to make full payment in shares of Common Stock and the amount payable results in a fractional share, payment for the fractional share shall be made in cash.

(i) Neither an SAR nor an option granted in connection with an SAR granted to a person subject to Section 16(b) of the Exchange Act may be exercised before six months after the date of grant.

14. Recapitalization, Reorganization and the Like.

(a) In the event that the outstanding shares of Common Stock are changed into or exchanged for a different number or kind of shares or other securities of the Company or of another corporation by reason of any reorganization, merger, consolidation, recapitalization, reclassification, stock split-up, combination of shares, or dividends payable in capital stock, appropriate adjustment shall be made in accordance with Section 424(a) of the Code in the number and kind of shares as to which options and SARs may be granted under the Plan and as to which outstanding options and SARs or portions thereof then unexercised shall be exercisable, to the end that the proportionate interest of the grantee shall be maintained as before the occurrence of such event. Such adjustment in outstanding options and SARs shall be made without change in the total price applicable to the unexercised portion of such options and SARs and with a corresponding adjustment in the exercise price per share.

(b) In addition, unless otherwise determined by the Board in its sole discretion, in the case of any (i) sale or conveyance to another entity of all or substantially all of the property and assets of the Company or (ii) Change in Control (as hereinafter defined) of the Company, the purchaser(s) of the Company's assets or stock may, in his, her or its discretion, deliver to the optionee the same kind of consideration that is delivered to the stockholders of the Company as a result of such sale,

conveyance or Change in Control, or the Board may cancel all outstanding options and SARs in exchange for consideration in cash or in kind which consideration in both cases shall be equal in value to the value of those shares of stock or other securities the optionee would have received had the option been exercised (to the extent then exercisable) and no disposition of the shares acquired upon such exercise had been made prior to such sale, conveyance or Change in Control, less the exercise price therefor. Upon receipt of such consideration, the options and SARs shall immediately terminate and be of no further force and effect. The value of the stock or other securities the grantee would have received if the option had been exercised shall be determined in good faith by the Board, and in the case of shares of Common Stock, in accordance with the provisions of Section 8 hereof.

(c) The Board shall also have the power and right to accelerate the exercisability of any options or SARs, notwithstanding any limitations in this Plan or in the Agreement, upon such a sale, conveyance or Change in Control. Upon such acceleration, any options or portion thereof originally designated as qualified incentive stock options that no longer qualify as qualified incentive stock options under Section 422 of the Code as a result of such acceleration shall be redesignated as non-qualified stock options.

(d) A "Change in Control" shall be deemed to have occurred if any person, or any two or more persons acting as a group, and all affiliates of such person or persons, who prior to such time owned less than fifty percent (50%) of the then outstanding Common Stock, shall acquire such additional shares of Common Stock in one or more transactions, or series of transactions, such that following such transaction or transactions, such person or group and affiliates beneficially own fifty percent (50%) or more of the Common Stock outstanding.

(e) If by reason of a corporate merger, consolidation, acquisition of property or stock, separation, reorganization, or liquidation, the Board shall authorize the issuance or assumption of a stock option or stock options in a transaction to which Section 424(a) of the Code applies, then, notwithstanding any other provision of the Plan, the Board may grant an option or options upon such terms and conditions as it may deem appropriate for the purpose of assumption of the old option, or substitution of a new option for the old option, in conformity with the provisions of such Section 424(a) of the Code and the Regulations thereunder, and any such option shall not reduce the number of shares otherwise available for issuance under the Plan.

(f) No fraction of a share shall be purchasable or deliverable upon the exercise of any option or SAR, but in the event any adjustment hereunder in the number of shares covered by the option or SAR shall cause such number to include a fraction of a share, such fraction shall be adjusted to the nearest smaller whole number of shares.

15. No Special Employment Rights.

Nothing contained in the Plan or in any option or SAR granted under the Plan shall confer upon any grantee any right with respect to the continuation of his or her employment by the Company (or any subsidiary) or interfere in any way with the right of the Company (or any subsidiary), subject to the terms of any separate employment agreement to the contrary, at any time

to terminate such employment or to increase or decrease the compensation of the grantee from the rate in existence at the time of the grant of an option or SAR. Whether an authorized leave of absence, or absence in military or government service, shall constitute termination of employment shall be determined in accordance with Regulations Section 1.421-7(h)(2).

16. Withholding.

The Company's obligation to deliver shares upon the exercise of any non-qualified option or SAR granted under the Plan shall be subject to the option holder's satisfaction of all applicable Federal, state and local income and employment tax withholding requirements. The Company and optionee may agree to withhold shares of Common Stock purchased upon exercise of an option or SAR to satisfy the above-mentioned withholding requirements; provided, however, that no such agreement may be made by a grantee who is an "officer" or "director" within the meaning of Section 16 of the Exchange Act, except pursuant to a standing election to so withhold shares of Common Stock purchased upon exercise of an option, such election to be made not less than six months prior to such exercise and which election may be revoked only upon six months prior written notice.

17. Restrictions on Issuance of Shares.

(a) Notwithstanding the provisions of Section 9 hereof, the Company may delay the issuance of shares covered by the exercise of an option or SAR and the delivery of a certificate for such shares until one of the following conditions shall be satisfied:

(i) The shares with respect to which such option or SAR has been exercised are at the time of the issue of such shares effectively registered or qualified under applicable Federal and state securities acts now in force or as hereafter amended; or

(ii) Counsel for the Company shall have given an opinion, which opinion shall not be unreasonably conditioned or withheld, that such shares are exempt from registration and qualification under applicable Federal and state securities acts now in force or as hereafter amended.

(b) It is intended that all exercises of options and SARs shall be effective, and the Company shall use its best efforts to bring about compliance with the above conditions, within a reasonable time, except that the Company shall be under no obligation to qualify shares or to cause a registration statement or a post-effective amendment to any registration statement to be prepared for the purpose of covering the issue of shares in respect of which any option may be exercised, except as otherwise agreed to by the Company in writing.

18. Purchase for Investment; Rights of Holder on Subsequent Registration.

(a) Unless the shares to be issued upon exercise of an option or SAR granted under the Plan have been effectively registered under the Securities Act of 1933, as amended (the 1933 Act"), the Company shall be under no obligation to issue any shares covered by any option or SAR unless the

person who exercises such option, in whole or in part, shall give a written representation and undertaking to the Company which is satisfactory in form and scope to counsel for the Company and upon which, in the opinion of such counsel, the Company may reasonably rely, that he or she is acquiring the shares issued pursuant to such exercise of the option or SAR for his or her own account as an investment and not with a view to, or for sale in connection with, the distribution of any such shares, and that he or she will make no transfer of the same except in compliance with any rules and regulations in force at the time of such transfer under the 1933 Act, or any other applicable law, and that if shares are issued without such registration, a legend to this effect may be endorsed upon the securities so issued.

(b) In the event that the Company shall, nevertheless, deem it necessary or desirable to register under the 1933 Act or other applicable statutes any shares with respect to which an option or SAR shall have been exercised, or to qualify any such shares for exemption from the 1933 Act or other applicable statutes, then the Company may take such action and may require from each grantee such information in writing for use in any registration statement, supplementary registration statement, prospectus, preliminary prospectus or offering circular as is reasonably necessary for such purpose and may require reasonable indemnity to the Company and its officers and directors from such holder against all losses, claims, damages and liabilities arising from such use of the information so furnished and caused by any untrue statement of any material fact therein or caused by the omission to state a material fact required to be stated therein or necessary to make the statements therein not misleading in the light of the circumstances under which they were made.

19. Loans.

At the discretion of the Board, the Company may loan to the optionee some or all of the purchase price of the shares acquired upon exercise of an option granted under the Plan.

20. Modification of Outstanding Options and SARs.

Subject to limitations contained herein, the Board may authorize the amendment of any outstanding option or SAR with the consent of the grantee when and subject to such conditions as are deemed to be in the best interests of the Company and in accordance with the purposes of the Plan.

21. Term of Plan.

The Plan shall become effective upon the earlier to occur of its adoption by the Board of Directors or its approval by the shareholders of the Company. It shall continue in effect for a term of ten (10) years unless sooner terminated under Section 22 hereof. The Board may grant options and SARs under the Plan prior to stockholder approval, but any such option shall become effective as of the date of grant only upon such approval and, accordingly, no such option may be exercisable prior to such approval.

22. Termination and Amendment of Plan.

The Board may at any time terminate the Plan or make such modification or amendment thereof as it deems advisable; provided, however, that (i) the Board may not, without approval by a majority vote of the stockholders of the Company, increase the maximum number of shares for which options and SARs may be granted or change the designation of the class of persons eligible to receive options and SARs under the Plan, and (ii) any such modification or amendment of the Plan shall be approved by a majority vote of the stockholders of the Company to the extent that such stockholder approval is necessary to comply with applicable provisions of the Code, rules promulgated pursuant to Section 16 of the Exchange Act, applicable state law, or applicable National Association of Securities Dealers, Inc. or exchange listing requirements. Termination or any modification or amendment of the Plan shall not, without the consent of an optionee, affect his or her rights under an option or SAR theretofore granted to him or her.

23. Limitation of Rights in the Underlying Shares.

A holder of an option or SAR shall not be deemed for any purpose to be a stockholder of the Company with respect to such option or SAR except to the extent that such option or SAR shall have been exercised with respect thereto and, in addition, a stock certificate shall have been issued theretofore and delivered to the holder.

24. Notices.

Any communication or notice required or permitted to be given under the Plan shall be in writing, and shall be deemed given and delivered when mailed by registered or certified mail or delivered by hand and addressed, if to the Company, at its principal place of business, attention: Chairman, and, if to the grantee or holder of an option or SAR, at the address of the grantee or holder appearing on the records of the Company.