SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-K

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

FOR THE FISCAL YEAR ENDED DECEMBER 31, 1999

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MEDIACOM COMMUNICATIONS CORPORATION

MEDIACOM LLC*

MEDIACOM CAPITAL CORPORATION*

(EXACT NAMES OF REGISTRANTS AS SPECIFIED IN THEIR CHARTERS)

(STATE OR OTHER JURISDICTION OF INCORPORATION OR ORGANIZATION)	(I.R.S. EMPLOYER IDENTIFICATION NUMBERS)
DELAWARE	06-1566067
NEW YORK	06-1433421
NEW YORK	06-1513997

100 CRYSTAL RUN ROAD
MIDDLETOWN, NEW YORK 10941
(ADDRESS OF PRINCIPAL EXECUTIVE OFFICES)

(914) 695-2600
(REGISTRANTS' TELEPHONE NUMBER INCLUDING AREA CODE)

SECURITIES REGISTERED PURSUANT TO SECTION 12(B)OF THE EXCHANGE ACT:
None

SECURITIES REGISTERED PURSUANT TO SECTION 12(G) OF THE EXCHANGE ACT:
Class A Common Stock, $0.01 par value per share

Indicate by check mark whether the Registrants (1) have filed all reports required to be filed by Section 3 or 15 (d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrants were required to file such reports), and (2) have been subject to such filing requirements for the past 90 days:

YES X NO

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

As of March 15, 2000, the aggregate market value of the Class A common stock of Mediacom Communications Corporation held by non-affiliates of Mediacom Communications Corporation was approximately $575.1 million.

As of March 15, 2000, there were outstanding 60,657,010 shares of Class A common stock and 29,342,990 shares of Class B common stock.

*Mediacom LLC and Mediacom Capital Corporation meet the conditions set forth in General Instruction I (1) (a) and (b) of Form 10-K and are therefore filing this form with the reduced disclosure format.

MEDIACOM COMMUNICATIONS CORPORATION

1999 FORM 10-K ANNUAL REPORT

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Mediacom Communications Corporation, a Delaware corporation organized on November 8, 1999, completed an initial public offering on February 9, 2000. Prior to such time, Mediacom Communications Corporation had no assets, liabilities, contingent liabilities or operations. Immediately prior to the completion of its initial public offering, Mediacom Communications Corporation 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 that, prior to the initial public offering, served as a holding company for our operating subsidiaries. Upon completion of such exchange, Mediacom LLC became a wholly-owned subsidiary of Mediacom Communications Corporation and continues to serve as a holding company for our operating subsidiaries. Each operating subsidiary is wholly-owned by Mediacom LLC, except for a 1.0% ownership interest in a subsidiary, Mediacom California LLC, that is held by Mediacom Management Corporation, a Delaware corporation that is wholly-owned by the Chairman and Chief Executive Officer of Mediacom Communications Corporation.

Mediacom Capital Corporation, a New York corporation that is wholly-owned by Mediacom LLC, was formed in 1998 specifically to permit Mediacom LLC to issue debt in the public market and does not conduct operations of its own.

References in this Annual Report to "we," "us," or "our" are to Mediacom Communications Corporation and its direct and indirect subsidiaries since the initial public offering and to Mediacom LLC and its direct and indirect subsidiaries prior to the initial public offering, unless the context specifies or requires otherwise.

This Annual Report on Form 10-K is for the year ended December 31, 1999. The Securities and Exchange Commission allows us to "incorporate by reference" information that we file with them, which means that we can disclose important information to you by referring you directly to those documents. Information incorporated by reference is considered to be part of this Annual Report.

You should carefully review the information contained in this Annual Report, but should particularly consider any risk factors that we set forth in this Annual Report and in other reports or documents that we file from time to time with the Securities and Exchange Commission. In this Annual 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 outlined below. Those factors may cause our actual results to differ materially from any of our forward-looking statements.

FACTORS AFFECTING FUTURE OPERATIONS

We commenced operations in 1996 and have grown rapidly since then, principally through acquisitions. We acquired a substantial portion of our operations in January 1998. In addition, our acquisitions in the fourth quarter of 1999 nearly doubled the number of subscribers served by our systems. As a result, you have limited information upon which to evaluate our performance in managing our current systems, and our historical financial information may not be indicative of the future results we can achieve with our systems. If we are unable to successfully integrate our newly acquired cable systems, our growth and profitability could be adversely affected.

In addition, the cable television industry may be affected by, among other things:

- changes in laws and regulations,
- changes in the competitive environment;
- changes in the costs of programming we distribute;
- changes in technology;
- franchise related matters;
- market conditions that may adversely affect the availability of debt and equity financing for working capital, capital expenditures or other purposes; and
- general economic conditions.

PART I

ITEM 1. BUSINESS

INTRODUCTION

We are the ninth largest cable operator in the United States, based on customers served by wholly-owned systems after giving effect to our pending acquisitions and recently announced industry transactions. As of December 31, 1999, our cable systems passed approximately 1.1 million homes and served approximately 747,000 basic subscribers, including our pending acquisitions. We were founded in July 1995 by Rocco B. Commisso, our Chairman and Chief Executive Officer, to acquire and develop cable television systems serving principally non-metropolitan markets of the United States.

Since commencement of our operations in March 1996, we have experienced significant growth by deploying a disciplined strategy of acquiring underperforming cable systems primarily in markets with favorable demographic profiles. Through December 1998, we spent approximately $432.4 million to complete nine acquisitions of cable systems that served 360,600 basic subscribers as of December 31, 1999. In October and November 1999, we acquired for approximately $759.6 million the cable systems of Triax and Zylstra that served 358,400 basic subscribers as of December 31, 1999. On a pro forma basis, in 1999 our revenues were $297.3 million, EBITDA was $133.7 million, operating loss was $72.5 million and net loss was $165.6 million. For purposes of this Annual Report, EBITDA is operating income (loss) before depreciation and amortization and non-cash stock charges.

We also have generated strong internal growth and improved the operating and financial performance of our systems. These results have been achieved primarily through the introduction of an expanded array of core cable television products and services made possible by the rapid upgrade of our cable network. Assuming all our systems, excluding the Triax and Zylstra systems, were acquired on January 1, 1998, in 1998 our revenues grew by 13.0%, EBITDA increased by 31.9%, the EBITDA margin improved from 35.1% to 41.0% and our internal subscriber growth was 2.5%. Based on the same assumptions, in 1999 our revenues grew by 12.3%, EBITDA increased by 21.6%, the EBITDA margin improved from 41.0% to 44.4% and our internal subscriber growth was 1.9%. During these periods, we also experienced significant increases in operating losses and net losses.

We believe that advancements in digital technologies, together with the explosive growth of the Internet, have positioned the cable industry's high-speed, interactive, broadband network as the primary platform for the delivery of video, voice and data services to homes and businesses. We believe that there is considerable demand in the communities we serve for these products and services. To capitalize on these opportunities, we are rapidly upgrading our cable network to provide our customers with an expanded array of broadband products and services. These include digital cable television, two-way, high-speed Internet access, interactive video and telephony.

Approximately 79% of our customers are currently served by systems which have been upgraded to 550MHz to 750MHz bandwidth capacity, excluding those customers served by the Triax and Zylstra systems. Our upgrade program already has enabled us to begin introducing new broadband products and services. As of December 1999, we offered digital cable services in systems passing 243,000 homes and serving 168,000 basic subscribers. In addition, through our strategic relationship with SoftNet Systems, Inc.'s subsidiary, ISP Channel, which was finalized in November 1999, we have deployed high-speed Internet access service in systems passing more than 177,000 homes as of December 31, 1999, of which 120,000 homes were activated with two-way communications capability.

Mr. Commisso has over 21 years of experience with the cable television industry. Our other senior managers have an average of 18 years of experience in acquiring, financing and operating cable systems. Prior to founding Mediacom, Mr. Commisso served as Executive Vice President, Chief Financial Officer and Director of Cablevision Industries Corporation from August 1986 to March 1995.

Our principal executive offices are located at 100 Crystal Run Road, Middletown, New York 10941. Our telephone number is (914) 695-2600, and our website is located at www.mediacomcc.com. The information on our website is not part of this Annual Report.

RECENT EVENTS

INITIAL PUBLIC OFFERING

On February 9, 2000, we completed an initial public offering of 20,000,000 shares of Class A common stock at $19.00 per share. Our net proceeds, after underwriting discounts of approximately $22.8 million and estimated expenses related to the offering of approximately $2.8 million, were $354.4 million and were used to repay bank indebtedness.

PENDING ACQUISITIONS

As of March 15, 2000, we entered into four separate asset purchase agreements to acquire cable television systems serving approximately 19,000 basic subscribers for an aggregate purchase price of $29.4 million. We expect to close these four acquisitions in the second and third quarters of 2000, subject to the receipt of all necessary regulatory approvals. We also have signed one letter of intent to acquire cable systems serving approximately 9,000 basic subscribers for a purchase price of $16.0 million. We expect to complete the acquisition of these systems in the third quarter of 2000, subject to the negotiation of definitive documentation and the receipt of all necessary regulatory approvals.

PRODUCTS AND SERVICES

We provide our customers with the ability to tailor their product selection from a full array of core cable television services. In addition, we have begun to offer our customers new and enhanced products and services such as digital cable television services and two-way, high-speed Internet access. We also are exploring opportunities in interactive video programming and telecommunications services.

CORE CABLE TELEVISION SERVICES

We design both our basic channel line-up and our additional channel offerings for each system according to demographics, programming preferences, channel capacity, competition, price sensitivity and local regulation. Our core cable television service offerings include the following:

LIMITED BASIC SERVICE. Our limited basic service includes, for a monthly fee, local broadcast channels, network and independent stations, limited satellite-delivered programming, and local public, government, home-shopping and leased access channels.

EXPANDED BASIC SERVICE. Our expanded basic service includes, for an additional monthly fee, various satellite-delivered channels such as CNN, MTV, USA Network, ESPN, Lifetime, Nickelodeon and TNT.

PREMIUM SERVICE. Our premium services are satellite-delivered channels consisting principally of feature films, original programming, live sports events, concerts and other special entertainment features, usually presented without commercial interruption. HBO, Cinemax, Showtime, The Movie Channel and Starz are typical examples. Such premium programming services are offered by the systems both on a per-channel basis and as part of premium service packages designed to enhance customer value and to enable us to take advantage of programming agreements offering cost incentives based on premium service unit growth.

The significant expansion of bandwidth capacity resulting from our capital improvement program will allow us to expand the use of tiered and multichannel packaging strategies for marketing and promoting premium and niche programming services. We believe that these packaging strategies will increase basic and premium penetration as well as revenue per basic subscriber.

PAY-PER-VIEW SERVICE. Our pay-per-view services allow customers to pay to view a single showing of a feature film, live sporting event, concert and other special event, on an unedited, commercial-free basis. Such pay-per-view services are offered by us on a per-viewing basis, with subscribers only paying for programs which they select for viewing.

DIGITAL CABLE SERVICES

Digital video technology is a computerized method of defining, transmitting and storing information that makes up a television signal. Digital video technology allows us to greatly increase our channel offerings through the use of compression, which converts one analog channel into eight to 12 digital channels. The digitally compressed signal is uplinked to a satellite, which sends the signal back down to our cable system's headend to be distributed, via optical fiber and coaxial cable, to our customer's home. A digital-capable set-top box in the customer's home converts the digital signal back into an analog format so that it can be viewed on a normal television screen. We believe the implementation of digital technology has significantly enhanced and expanded the video and service offerings we provide to our customers.

We provide our digital video customers with programming packages that include:

- up to 42 multichannel premium services;
- up to 35 pay-per-view movie and sports channels;
- up to 45 channels of digital music; and
- an interactive on-screen program guide to help them navigate the new digital choices.

We introduced digital cable services in June 1999. As of December 31, 1999, we offered digital cable services in systems passing 243,000 homes and serving 168,000 basic subscribers. On such date, we served 5,300 digital customers and the average incremental monthly revenue per digital customer was approximately $19.77. We expect to rapidly introduce digital cable television in most of our remaining systems as we upgrade our cable network and consolidate our headend facilities.

HIGH-SPEED INTERNET ACCESS

We plan to introduce two-way, high-speed Internet access over our network in substantially all of our systems. The broadband cable network enables data to be transmitted up to 100 times faster than traditional telephone modem technologies. This high-speed capability allows our cable modem customer to download large files from the Internet in a fraction of the time required when using the traditional telephone modem. It also allows much quicker response times when surfing the Internet, providing a richer experience for the customer. In addition, the two-way communications capability of the cable Internet connection eliminates the need for a telephone line, is always on and does not require the customer to dial into the Internet service provider and await authorization.

To ensure that inter-operable, non-proprietary cable modems are made available for purchase by customers on a retail basis, the cable industry has developed general software operating standards, known as data over cable service interface specifications. As of March 2000, fourteen cable industry vendors, including equipment manufacturers such as Cisco, General Instrument, Phillips Electronics, Samsung, Scientific-Atlanta, Sony, Thomson and Toshiba, received official certification from Cable Television Laboratories, Inc. As a result, standardized cable modems are currently available for purchase through various distribution channels, including retail outlets, personal computer manufacturers, and directly through the cable operator. Such availability will allow customers to use these modems in different systems similar to the traditional telephone modem, and should accelerate the deployment of high-speed Internet access over cable networks.

We believe that the speed, ease of installation and availability of cable modems will increase the use and impact of the Internet. Furthermore, we believe that the cable television network combined with data over cable service interface specifications is currently the best vehicle to deliver all Internet protocol services, including Internet access, broadband content, streaming media and Internet protocol telephony to our customers both on the computer and to the television via a digital set-top box, even though other high-speed alternatives are being developed.

In November 1999, we completed an agreement with SoftNet to deploy its two-way, high-speed Internet access services throughout our cable systems. The service will be marketed under SoftNet's ISP Channel. ISP Channel is a service mark of SoftNet. Through the agreement with SoftNet, we are required to upgrade our cable network to provide two-way communications capability in systems passing 900,000 homes and make available such homes to SoftNet by December 2002. As consideration for giving SoftNet access to our customers, SoftNet issued to us 3.5 million shares of its common stock, representing a market value of approximately $87.9 million as of December 31, 1999. Of the issued shares, up to 90% are subject to forfeiture in the event we do not make available a specified number of two-way capable homes by certain prescribed dates.

As of December 31, 1999, we had deployed ISP Channel's high-speed Internet access service in systems passing over 177,000 homes, of which 120,000 homes were activated with two-way communications capability. On such date, we offered high-speed Internet access to approximately 500 cable modem customers. We also provided dial-up telephone Internet access to approximately 4,600 customers. The provision of this dial-up service creates a customer base that can be upgraded to the high-speed cable modem service in the future.

INTERACTIVE SERVICES

Our upgraded cable network will have the capacity to deliver various interactive television services. Interactive television can be divided among three general service categories: enhanced television; Internet over the television; and video-on-demand. These new services enable the customer to interact over the television set, generally by using a conventional remote television control or a computer keyboard, to either buy a product or service or request information on a product or service.

Enhanced television includes such services as ancillary programming information, interactive advertising and impulse sales and purchases. Companies delivering enhanced television services include TV Guide Interactive, Wink Communications and Source Media. TV Guide Interactive provides the most basic enhanced television service, a navigator that permits customers to customize television program listings, set reminders and parental controls and order pay-per-view events. Wink offers viewers the opportunity to interact with the television during programs or commercials by way of flashing icons, leading them to program-related information, such as news, sports and weather, or the ability to purchase merchandise, or request product samples, coupons or catalogues. Source Media allows viewers to receive local programming and information services using a local guide and navigator with an Internet style experience.

Companies providing Internet access over the television include WebTV and WorldGate Communications. Internet access and e-mail are delivered using a set-top box with the customer using a wireless keyboard. WebTV customers buy the set-top device at retail outlets and are able to view enhanced web images on the television screen. WorldGate Communications allows a viewer watching a commercial or program on the television to link directly to a related web page and requires no purchase by the customer of the set-top box. WorldGate Communications uses the set-top boxes now being deployed by the cable industry.

Companies providing video-on-demand, such as DIVA Systems Corporation and Intertainer Inc., use servers at the headend facility of a cable system to provide hundreds of movies or special events on demand with video cassette recorder functionality, or the ability to fast forward, pause and rewind a program at will. Using a remote control, customers order programming through their set-tops that signals the server, enabling hardware and software residing at the headend facility.

While we have not entered into any agreements with any interactive service providers, we are in discussions with several such providers and plan to introduce interactive services to our customers in the second half of 2000.

TELECOMMUNICATIONS SERVICES

During the last several years, the cable industry has been developing the capability to provide telephony services. Several of the nation's largest cable operators now offer residential and/or commercial phone service. We believe recent developments, including AT&T's purchase of Tele-Communications, Inc., its pending acquisition of MediaOne, Inc. and its proposed joint ventures with six other cable operators, will likely accelerate the pace of development of the voice telephony business for the cable industry. We are exploring technologies using Internet protocol telephony as well as traditional switching technologies that are currently available to transmit telephony signals over our cable network.

Our upgrade plans include the installation of over 10,000 route miles of fiber optic cable resulting in the creation of large, high-capacity regional networks. We expect to construct our networks with excess fiber optic capacity, thereby affording us the flexibility to pursue new data and telecommunications opportunities such as:

- providing wide-area networks, which extends a local area network outside one building to other local area networks in other buildings and possibly in other cities;
- providing point-to-point data services, which is a secure circuit that directly connects two points;
- offering virtual private networks, which use a shared data network to transport private data reliably and securely;
- leasing dark fiber capacity to enable carriers to penetrate markets and bypass incumbent providers; and
- entering into strategic relationships, similar to our relationship with SoftNet, to leverage our network footprints.

BUSINESS STRATEGY

Our objective is to become the leading cable operator focused on providing entertainment, information and telecommunications services in non-metropolitan markets of the United States. The key elements of our strategy are to:

IMPROVE THE OPERATING AND FINANCIAL PERFORMANCE OF OUR ACQUIRED CABLE SYSTEMS

We seek to rapidly integrate our acquired cable systems and improve their operating and financial performance. Prior to completion of an acquisition, we formulate plans for customer care and billing improvements, network upgrades, headend consolidation, new product and service launches, competitive positioning and human resource requirements. After completing an acquisition, we implement managerial, operating, purchasing, personnel and engineering changes designed to effect these plans.

DEVELOP EFFICIENT OPERATING CLUSTERS

Our systems are managed through six operating clusters by local management teams that oversee system activities and operate autonomously within financial and operating guidelines established by our corporate office. To enhance these clusters, our acquisition strategy focuses, in part, on acquiring or trading for systems in close proximity to our own systems. By further concentrating the geographic clustering of our cable systems, we expect additional operating efficiencies through the consolidation of many managerial, customer service, marketing, administrative and technical functions.

The clustering of systems also enables us to consolidate headend facilities, resulting in lower fixed capital costs on a per home basis as we introduce new and enhanced products and services because of the larger number of customers served by a single headend facility. This headend consolidation also improves our ability to sell advertising on our cable systems. As a result of our clustering and upgrade program, we expect to reduce the number of our headend facilities from 449 as of December 31, 1999 to 90 by December 2002, so that 92% of our customers will be served by 40 headend facilities.

RAPIDLY UPGRADE OUR CABLE NETWORK

We are rapidly upgrading our cable network to provide new broadband products and services, improve our competitive position and increase overall customer satisfaction. By December 2002, we anticipate that 91% of our basic subscribers will be served by cable systems with 550MHz to 750MHz bandwidth capacity and two-way communications capability. As part of our upgrade program, we plan to deploy over 10,000 route miles of fiber optic cable to create large regional fiber optic networks with the potential to provide advanced telecommunications services. Our upgrade plans will allow us to:

- offer digital cable television, two-way, high-speed Internet access and interactive video;

- increase channel capacity to a minimum of 82 channels, and significantly more with digital video technology;

- activate the two-way communications capability of our systems, which will give our customers the ability to send and receive signals over our cable network;

- eliminate 359 headend facilities, lowering our fixed capital costs on a per home basis as we introduce new products and services; and

- utilize our regional fiber optic networks to offer advanced telecommunications services.

INTRODUCE NEW AND ENHANCED PRODUCTS AND SERVICES

We have acquired cable systems that, prior to our ownership, generally underserved their customers. We believe that significant opportunities exist to increase our revenues by expanding the array of products and services we offer. We have used and will continue to use the expanded channel capacity of our upgraded systems to introduce several new basic programming services, additional premium services and numerous pay-per-view channels.

Utilizing digital video technology, we are offering multiple packages of premium services, several pay-per-view channels on a near video-on-demand basis, digital music services and interactive program guides. As of December 31, 1999, we offered digital cable services in systems passing 243,000 homes and serving 168,000 basic subscribers. As a result of our strategic relationship with SoftNet's ISP Channel, we expect to accelerate the deployment of two-way, high-speed Internet access throughout our systems. As of December 31, 1999, we had deployed ISP Channel's Internet access service in systems passing over 177,000 homes, of which 120,000 homes were activated with two-way communications capability. In addition, we are currently exploring opportunities in interactive video programming and telecommunications services.

MAXIMIZE CUSTOMER SATISFACTION TO BUILD CUSTOMER LOYALTY

As a result of our strong regional and local management presence, we are more responsive to customer needs and preferences and better positioned to strengthen relations with the local government authorities and the communities we serve. We seek a high level of customer satisfaction by providing superior customer service and attractively priced product and service offerings. We believe our investments in the cable network are increasing customer satisfaction as a result of a wide array of new product and service introductions, greater technical reliability and improved quality of service. We have implemented stringent internal customer service standards, which we believe meet or exceed those established by the National Cable Television Association. We have regional calling centers servicing 90% of our customers that are staffed with dedicated personnel who provide service 24 hours a day, seven days a week. We believe that our focus on customer service has enhanced our reputation in the communities we serve, which has increased customer loyalty and the potential demand for our new and enhanced products and services.

ACQUIRE UNDERPERFORMING CABLE SYSTEMS PRINCIPALLY IN NON-METROPOLITAN MARKETS

Our disciplined acquisition strategy targets underperforming cable systems serving primarily non-metropolitan markets with favorable demographic profiles. These systems are typically within the top 50 to 100 television markets and small and medium-sized communities where customers generally require cable to clearly receive a full complement of off-air television signals. Our markets have attractive demographic characteristics, including household growth rates that on average are higher than the national average. According to National Decision Systems, the projected household growth in areas served by our systems is 5.4% for the period ending 2004, exceeding the projected U.S. household growth of 5.2% for the same period. We believe that there are advantages in acquiring and operating cable systems in non-metropolitan markets, including:

- less direct competition given the lower housing densities and the resulting higher costs per customer of constructing a cable network;

- higher penetration levels of our services and lower customer turnover as a result of fewer competing entertainment alternatives; and

- generally lower overhead and operating costs than those incurred by cable operators serving larger markets.

In addition, we seek to acquire or trade for cable systems in close proximity to our existing operations because it is more cost effective to provide cable television and advanced telecommunications services over an expanded subscriber base within a concentrated geographic area. We believe that we may be able to purchase fill-in acquisitions at favorable prices in geographic regions where we are the dominant provider of cable television services. As of March 15, 2000, we signed four separate asset purchase agreements and one letter of intent to acquire cable systems serving approximately 28,000 basic subscribers located in close proximity to our systems, thereby complementing our operating clusters.

IMPLEMENT A FLEXIBLE FINANCING STRUCTURE

To support our business strategy and enhance our financial flexibility, we have developed a financing strategy utilizing a blend of equity and debt capital to complement our acquisition and operating activities. We have diversified our sources of debt capital by raising long-term debt at the holding company while utilizing our subsidiaries to access debt, principally in the commercial bank market, through separate borrowing groups.

We believe our financing strategy is beneficial because it broadens our access to various equity and debt markets, enhances our flexibility in managing our capital structure, reduces the overall cost of debt capital and permits us to maintain a substantial liquidity position in the form of unused and available subsidiary credit facilities. We used the net proceeds of our initial public offering of approximately $354.4 million to repay outstanding indebtedness under our subsidiary credit facilities. As of December 31, 1999, after giving pro forma effect to our initial public offering, we reduced our financial leverage, increased our unused credit commitments to approximately $640 million and lowered our overall cost of debt capital to 7.7%.

DEVELOPMENT OF OUR SYSTEMS

Since commencement of our operations in March 1996, we have completed 11 acquisitions of cable systems. The table below summarizes information related to our completed acquisitions of cable systems in chronological order. The systems were purchased from the named party identified in the Predecessor Owner column or from one or more of its related parties or its controlling or managing operator. The dollar amount set forth in the Purchase Price column represents the final purchase price before closing costs and adjustments.

LOCATION OF SYSTEMS	PREDECESSOR OWNER	ACQUISITION DATE	PURCHASE PRICE (IN MILLIONS)	BASIC SUBSCRIBERS AS OF DECEMBER 31, 1999
Ridgecrest, CA	Benchmark Communications	March 1996	$ 18.8	9,300
Kern Valley, CA	Booth American Company	June 1996	11.0	5,950
Nogales, AZ	Saguaro Cable TV Investors, L.P.	December 1996	11.4	8,000
Valley Center, CA	Valley Center Cable Systems, L.P.	December 1996	2.5	1,950
Dagsboro, DE	American Cable TV Investors 5, Ltd.	June 1997	42.6	31,300
Sun City, CA	Cox Communications, Inc.	September 1997	11.5	10,100
Clearlake, CA	Jones Intercable, Inc.	January 1998	21.4	18,250
Various States	Cablevision Systems Corporation	January 1998	308.2	271,850
Caruthersville, MO	Cablevision Systems Corporation	October 1998	5.0	3,900
Various States	Zylstra Communications Corporation	October 1999	19.5	14,000
Various States	Triax Midwest Associates, L.P.	November 1999	740.1	344,400
			$ 1,192.0	719,000

DESCRIPTION OF OUR OPERATING REGIONS

OVERVIEW

The table below and the discussion that follows provide an overview of selected operating and technical statistics for our regions as of December 31, 1999, unless otherwise indicated. Substantially all of the cable systems in the North Central and Midwest regions resulted from the Triax acquisition completed in November 1999.

	NORTH CENTRAL	MIDWEST	SOUTHERN	MID-ATLANTIC	CENTRAL	WESTERN	TOTAL
OPERATING DATA:							
Homes passed..............	253,100	270,200	192,250	126,200	126,200	103,550	1,071,500
Basic subscribers..........	176,700	173,700	138,300	87,400	81,350	61,550	719,000
Basic penetration..........	69.8%	64.3%	71.9%	69.3%	64.5%	59.4%	67.1%
Premium service units......	89,025	83,650	193,000	82,975	108,875	29,475	587,000
Premium penetration........	50.4%	48.2%	139.6%	94.9%	133.8%	47.9%	81.6%
Average monthly revenues per basic subscriber(1)	$33.89	$34.46	$37.51	$35.71	$34.80	$39.37	$35.52
CABLE NETWORK DATA:							
Miles of plant............	4,500	5,243	4,900	3,005	3,029	1,767	22,444
Density(2)................	57	52	39	42	42	59	48
Headend facilities.........	148	159	53	12	66	11	449
Headend facilities after upgrades(3)............	23	22	10	7	18	10	90
Percentage of basic subscribers at 550MHz to 750MHz.....	36.6%	33.3%	73.8%	93.8%	81.8%	57.1%	56.8%

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(1) Represents average monthly revenues for the three months ended December 31, 1999, divided by average basic subscribers for such period.
(2) Represents homes passed divided by miles of plant.
(3) Represents number of headend facilities by December 2002 based on our current upgrade program.

NORTH CENTRAL REGION

The North Central region consists of systems in Iowa, Minnesota, South Dakota and Wisconsin. The North Central region's larger systems serve the communities of Esterville and Spencer Iowa; Lake Minnetonka, Savage and Prior Lake, Minnesota; Yankton, South Dakota; and Praire du Chien, Mauston, Platteville and Viroqua, Wisconsin.

By December 2002, we expect that 88% of the North Central region's basic subscribers will be served by systems with 550MHz to 750MHz bandwidth capacity and two-way communications capability. At that time, we expect the number of the region's headend facilities will be reduced from 148 to 23 and that 62% of the region's basic subscribers will be served by five headend facilities

MIDWEST REGION

The Midwest region consists of systems principally in Illinois and Indiana. The Midwest region's larger systems serve the communities of Jacksonville, Ottawa, Pontiac and Streater, Illinois; and Angola, Auburn, Bluffton, Bremen, Kendallville and North Webster, Indiana.

By December 2002, we expect that 88% of the Midwest region's basic subscribers will be served by systems with 550MHz to 750MHz bandwidth capacity and two-way communications capability. At that time, we expect the number of the region's headend facilities will be reduced from 159 to 22 and that 91% of the region's basic subscribers will be served by five headend facilities.

SOUTHERN REGION

Over 83% of our basic subscribers in the Southern region are located in the suburbs and outlying areas of Pensacola, Fort Walton Beach and Panama City, Florida; Mobile and Huntsville, Alabama; and Biloxi, Mississippi. The internal subscriber growth for this region was 3.1% for the period ending December 31, 1999. We measure internal subscriber growth as the percentage change in basic subscribers over a 12-month period, excluding the effects of acquisitions.

By December 2002, we anticipate that 95% of the Southern region's basic subscribers will be served by systems with 550MHz to 750MHz bandwidth capacity and two-way communications capability and that the number of headend facilities will be reduced from 53 to ten. At that time, we expect that 83% of the region's basic subscribers will be served by five headend facilities.

MID-ATLANTIC REGION

The Mid-Atlantic region's systems serve communities in lower Delaware, southeastern Maryland and the northeastern and western areas of North Carolina. Our two largest systems in this region are Hendersonville, North Carolina, near Asheville, North Carolina; and lower Delaware, outside of Ocean City, Maryland. The internal subscriber growth for this region was 2.2% for the period ending December 31, 1999.

By December 2002, we expect that 95% of the Mid-Atlantic region's basic subscribers will be served by systems with 550MHz to 750MHz bandwidth capacity and two-way communications capability and that the number of headend facilities will be reduced from 12 to seven. At that time, we expect that 93% of the region's basic subscribers will be served by three headend facilities.

CENTRAL REGION

The Central region's systems serve the suburbs and outlying areas of Kansas City and Springfield, Missouri; Topeka, Kansas, and communities in the western portion of Kentucky. The internal basic subscriber growth rate of this region was 0.3% for the period ending December 31, 1999.

By December 2002, we expect that 90% of the Central region's basic subscribers will be served by systems with 550MHz to 750MHz bandwidth capacity and two-way communications capability and that the number of headend facilities will be reduced from 66 to 18. At that time, we expect that 80% of the region's basic subscribers will be served by five headend facilities.

WESTERN REGION

The Western region's systems serve communities in the following areas: Clearlake, California; the Indian Wells Valley in central California; portions of Riverside County and San Diego County, California; and Apache Junction and Nogales, Arizona and outlying areas. The region's internal basic subscriber growth was 0.6% for the period ending December 31, 1999.

By December 2002, we expect that 90% of the Western region's basic subscribers will be served by systems with at least 550MHz bandwidth capacity and two-way communications capability. At that time, we expect that the region's basic subscribers will be served by 10 headend facilities.

TECHNOLOGY OVERVIEW

As part of our commitment to maximize customer satisfaction, to improve our competitive position and to introduce new and enhanced products and services to our customers, we plan to make significant investments in our cable network over the three-year period ending December 2002. During such period, we intend to invest approximately $400 million, with approximately $240 million used to upgrade our cable network. The remaining $160 million will be spent on plant expansion, digital headend facilities and set-top boxes, cable modems and maintenance. The objectives of our upgrade program are:

- to increase the bandwidth capacity to 750MHz or higher;
- to activate two-way communications capability;
- to consolidate our headend facilities, through the extensive deployment of fiber optic networks; and
- to allow us to provide digital cable television, two-way, high-speed Internet access, interactive video and other telecommunications services.

The following table describes the technological state of our cable network as of December 31, 1999 and through December 31, 2002, based on our current upgrade plans:

	PERCENTAGE OF BASIC SUBSCRIBERS			
	LESS THAN 400MHZ	400MHZ-450MHZ	550MHZ-750MHZ	TWO-WAY CAPABLE
December 31, 1999	21%	22%	57%	11%
December 31, 2000	7%	21%	72%	42%
December 31, 2001	0%	19%	81%	67%
December 31, 2002	0%	9%	91%	91%

By December 2002, we expect that 91% of our basic subscribers will be served by systems with two-way communications capability. This will permit our customers to send and receive signals over the cable network so that interactive services, such as video-on-demand, will be accessible and high-speed Internet access will not require a separate telephone line. Two-way communications capability will also position us to offer cable telephony, using either Internet protocol telephony as it becomes commercially feasible, or the traditional switching technologies that are currently available.

A central feature of our upgrade program is the deployment of high capacity, hybrid fiber-optic coaxial architecture. The hybrid fiber optic coaxial architecture combines the use of fiber optic cable, which can carry hundreds of video, data and voice channels over extended distances, with coaxial cable, which requires a more extensive signal amplification in order to obtain the desired levels for delivering channels. In most of our systems, we connect fiber optic cable to individual nodes serving an average of 350 homes or commercial buildings. A node is a single connection to a system's main, high-capacity fiber optic cable that is shared by a number of customers. Coaxial cable is then connected from each node to the individual homes or buildings. We believe hybrid fiber optic coaxial architecture provides higher capacity, superior signal quality, greater network reliability and reduced operating costs than traditional cable network design. Together with our plans for two-way communications capability, we believe

hybrid fiber optic coaxial architecture will enhance our cable network's capability to provide advanced telecommunications services.

As of December 31, 1999, our systems were operated from 449 headend facilities. We believe that fiber optics and advanced transmission technologies make it cost effective to consolidate our headend facilities, allowing us to realize operating efficiencies and resulting in lower fixed capital costs on a per home basis as we introduce new products and services. By December 2002, we plan to eliminate 359 headend facilities so that all of our customers will be served by 90 headend facilities and 92% of our customers will be served by 40 headend facilities.

As part of this headend consolidation program, we plan to deploy over 10,000 route miles of fiber optic cable to create large regional fiber optic networks with the potential to provide advanced telecommunications services. We expect to construct our regional networks with excess fiber optic capacity in order to accommodate new and expanded products and services in the future.

SALES AND MARKETING

We seek to be the premier provider of entertainment, information and telecommunications services in the markets we serve. Our marketing programs and campaigns offer a variety of cable services creatively packaged and tailored to appeal to each of our local markets and to segments within each market. We routinely survey our customers to ensure that we are meeting their demands and our customer surveys keep us abreast of our competition so that we can counter effectively competitors' service offerings and promotional campaigns. With our strong local presence, we interact with our customers on a more individualized basis allowing us to better service our customers and enhance customer loyalty and trust.

We use a coordinated array of marketing techniques to attract and retain customers and to increase premium service penetration, including door-to-door and direct mail solicitation, telemarketing, media advertising, local promotional events, typically sponsored by programming services and cross-channel promotion of new services and pay-per-view.

We build awareness of our brand through a variety of promotional campaigns, particularly in our newly acquired systems. As a result of our branding efforts, our emphasis on customer service and our investments in the cable network, we believe we have developed a reputation for quality, reliability and timely introduction of new products and services.

We invest a significant amount of time, effort and financial resources in the training and evaluation of our marketing professionals and customer sales representatives. Our customer sales representatives customize their sales presentation to fit each of our customers' specific needs by conducting focused consumer research and are given the incentive to use their frequent contact with our customers as opportunities to sell our new products and services. As a result, we believe we can accelerate the introduction of new products and services to our customers and achieve high success rates in attracting and retaining customers.

PROGRAMMING SUPPLY

We have various contracts to obtain basic and premium programming for the systems from program suppliers whose compensation is typically based on a fixed fee per customer. Our programming contracts are generally for a fixed period of time and are subject to negotiated renewal. Some program suppliers provide volume discount pricing structures or offer marketing support to us. Our successful marketing of multiple premium service packages emphasizing customer value enables us to take advantage of such cost incentives. In addition, we are a member of the National Cable Television Cooperative, Inc., a programming consortium consisting of small to medium-sized multiple system operators serving, in the aggregate, over ten million cable subscribers. The consortium helps create efficiencies in the areas of obtaining and administering programming contracts, as well as securing more favorable programming rates and contract terms for small to medium-sized cable operators. We intend to negotiate programming contract renewals both directly and through the consortium to obtain the best available contract terms.

Our programming costs are expected to increase in the future due to additional programming being provided to our customers, increased costs to purchase programming, inflationary increases and other factors affecting the cable television industry. Although we will legally be able to pass through expected increases in our programming costs to customers, there can be no assurance that the marketplace will allow us to do so. We also have various retransmission consent arrangements with commercial broadcast stations, which generally expire in December 2002. None of these consents require payment of fees for carriage. However, we have entered into agreements with certain stations to carry satellite-delivered cable programming, which is affiliated with the network carried by such stations.

Currently, there are over 150 cable networks seeking to be carried on our systems. We leverage our analog and digital channel capacity resulting from our capital improvement program to negotiate more favorable long-term contracts with our programming suppliers and utilize other financial arrangements to offset programming cost increases.

CUSTOMER RATES

Monthly customer rates for services vary from market to market, primarily according to the amount of programming provided. As of December 31, 1999, our monthly basic service rates for residential customers ranged from $4.93 to $35.95; the combined monthly basic and expanded basic service rates for residential customers ranged from $17.69 to $36.95; and per-channel premium service rates, not including special promotions, ranged from $0.30 to $12.50 per service for our systems. For the three months ended December 31, 1999, after giving pro forma effect to the acquisitions of the Triax and Zylstra Systems for this period, the weighted average monthly rate for our combined basic and expanded basic services was approximately $27.17.

Prior to our acquisition of the Triax systems, we were an eligible small cable company under FCC rules which enabled us to utilize a simplified rate setting methodology for most of the systems in establishing maximum rates for basic and expanded basic services. This methodology almost always results in rates that exceed those produced by the benchmark and cost-of-service rules applicable to larger cable operators. The benchmark and cost-of-service rules refer to the rate setting methodologies prescribed by the FCC. Prior to our acquisition of their systems, Triax also used the simplified rate setting methodology, although in a small percentage of their systems. Although we are no longer an eligible small cable company, in most cases, our systems which utilized this methodology, including the recently acquired Triax systems, are allowed to maintain the rates set thereby. We believe that our rate practices are generally consistent with the current practices in the industry.

A one-time installation fee, which we may wholly or partially waive during a promotional period, is usually charged to new customers. We charge monthly fees for converters and remote control tuning devices and also charge administrative fees for delinquent payments for service. Customers are free to discontinue service at any time without additional charge in the majority of the systems and may be charged a reconnection fee to resume service. Commercial customers, such as hotels, motels and hospitals, are charged negotiated monthly fees and a non-recurring fee for the installation of service. Multiple dwelling units, which include commercial customers as well as condominiums and apartment complexes, may be offered a bulk rate in exchange for single-point billing and basic service to all units.

In addition to customer fees, we derive modest amounts of revenues from the sale of local spot advertising time on locally originated and satellite-delivered programming and from affiliations with home shopping services, which offer merchandise for sale to customers and compensate system operators with a percentage of their sales receipts. We expect to increase the sale of advertising time and the revenues derived from such sales as a result of the consolidation of our headend facilities. This consolidation will significantly increase the number of customers we serve from many of our headend facilities which we expect will result in increased advertising revenues.

CUSTOMER SERVICE AND COMMUNITY RELATIONS

We are dedicated to providing superior customer service. Our emphasis on system reliability and customer satisfaction is a cornerstone of our business strategy. We expect that on-going investments in our cable network will significantly strengthen customer service as it will enhance the reliability of our cable network and allow us to introduce new programming and other services to our customers. We have implemented stringent internal customer

service standards, which we believe meet or exceed those established by the National Cable Television Association. We maintain five regional calling centers, which service 90% of our systems' customers. They are staffed with dedicated personnel who provide service to our customers 24 hours a day, seven days a week, on a toll-free basis. We believe our regional calling centers allow us to coordinate more effectively installation appointments and reduce response time to customer inquiries. We continue to invest in both personnel and equipment of our regional calling centers to ensure that these operating units are professionally managed and employ state-of-the-art technology.

In addition, we are dedicated to fostering strong community relations in the communities served by our systems. We support local charities and community causes in various ways, including staged events and promotional campaigns to raise funds and supplies for persons in need and in-kind donations that include production services and free airtime on cable networks. We participate in the "Cable in the Classroom" program, which is a national effort by cable companies to provide schools with free cable television service and, where available, Internet access. We also install and provide free cable television service to government buildings and not-for-profit hospitals in our franchise areas. We believe that our relations with the communities in which our systems operate are good.

FRANCHISES

Cable systems are generally operated under non-exclusive franchises granted by local governmental authorities. These franchises typically contain many conditions, such as: time limitations on commencement and completion of construction; conditions of service, including number of channels, types of programming and the provision of free service to schools and other public institutions; and the granting of insurance and indemnity bonds by the cable operator. Many of the provisions of local franchises are subject to federal regulation under the Communications Act of 1934, as amended.

As of December 31, 1999, our systems were subject to 891 franchises. These franchises, which are non-exclusive, provide for the payment of fees to the issuing authority. In most of the systems, such franchise fees are passed through directly to the customers. The Cable Communications Policy Act of 1984 prohibits franchising authorities from imposing franchise fees in excess of 5% of gross revenues and also permits the cable television system operator to seek renegotiation and modification of franchise requirements if warranted by changed circumstances.

Substantially all of our systems' basic subscribers are in service areas that require a franchise. The table below groups the franchises of our systems by date of expiration and presents the approximate number and percentage of basic subscribers for each group as of December 31, 1999.

YEAR OF FRANCHISE EXPIRATION	NUMBER OF FRANCHISES	PERCENTAGE OF TOTAL FRANCHISES	NUMBER OF BASIC SUBSCRIBERS	PERCENTAGE OF TOTAL BASIC SUBSCRIBERS
2000 through 2003	260	29.2%	232,555	32.3%
2004 and thereafter	631	70.8%	486,445	67.7%
Total	891	100.0%	719,000	100.0%

The 1984 Cable Act provides, among other things, for an orderly franchise renewal process in which franchise renewal will not be unreasonably withheld or, if renewal is denied and the franchising authority acquires ownership of the system or effects a transfer of the system to another person, the operator generally is entitled to the fair market value for the system covered by such franchise. In addition, the 1984 Cable Act established comprehensive renewal procedures, which require that an incumbent franchisee's renewal application be assessed on its own merits and not as part of a comparative process with competing applications.

We believe that we generally have good relationships with our franchising communities. We have never had a franchise revoked or failed to have a franchise renewed. In addition, substantially all of our franchises eligible for renewal have been renewed or extended prior to their stated expirations, and no franchise community has refused to consent to a franchise transfer to us.

COMPETITION

PROVIDERS OF BROADCAST TELEVISION AND OTHER ENTERTAINMENT

Cable systems compete with other communications and entertainment media, including over-the-air television broadcast signals that a viewer is able to receive directly. The extent to which a cable system competes with over-the-air broadcasting depends upon the quality and quantity of the broadcast signals available by direct antenna reception compared to the quality and quantity of such signals and alternative services offered by a cable system. Cable systems also face competition from alternative methods of distributing and receiving television signals and from other sources of entertainment such as live sporting events, movie theaters and home video products, including videotape recorders and videodisc players. In recent years, the FCC has adopted policies authorizing new technologies and a more favorable operating environment for certain existing technologies that provide, or may provide, substantial additional competition for cable television systems. The extent to which a cable television service is competitive depends in significant part upon the cable system's ability to provide a greater variety of programming, superior technical performance and superior customer service than are available over the air or through competitive alternative delivery sources.

DIRECT BROADCAST SATELLITE PROVIDERS

Individuals can purchase home satellite dishes, which allow them to receive satellite-delivered broadcast and non-broadcast program services, commonly known as DBS, that formerly were available only to cable television subscribers. According to recent government and industry reports, conventional, medium and high-power satellites currently provide video programming services to 13.1 million individual households, condominiums, apartments and office complexes in the United States.

DBS service can be received virtually anywhere in the continental United States through the installation of a small roof top or side-mounted antenna, and it is accessible in areas where a cable plant has not been constructed or where it is not cost effective to construct cable television facilities. DBS systems use video compression technology to increase channel capacity and digital technology to improve the quality of the signals transmitted to their customers. DBS service is being heavily marketed on a nationwide basis by several service operators. We believe our digital cable service is competitive with the programming, channel capacity and the digital quality of signals delivered to customers by DBS systems. We have deployed and will continue to deploy digital cable service in the markets we serve.

Two major companies, DirecTV and Echostar, are currently providing nationwide high-power DBS services, which typically offer to their customers more than 300 channels of programming, including programming similar to that provided by cable systems. Until recently, DBS operators could not legally deliver local broadcast signals. Legislation permitting DBS operators to retransmit local broadcast signals was enacted on November 29, 1999. This eliminates a significant competitive advantage which cable system operators have had over DBS operators. DirecTV and Echostar have begun delivering local broadcast signals in the largest markets and there are plans to expand such coverage to many more markets over the next year. We are unable to predict the effects this legislation and these competitive developments might have on our business and operations.

MULTICHANNEL MULTIPOINT DISTRIBUTION SYSTEMS

Multichannel multipoint distribution systems deliver programming services over microwave channels licensed by the FCC and received by subscribers with special antennas. These wireless cable systems are less capital intensive, are not required to obtain local franchises or pay franchise fees, and are subject to fewer regulatory requirements than cable television systems. To date, the ability of wireless cable services to compete with cable systems has been limited by a channel capacity of up to 35-channels and the need for unobstructed line-of-sight over-the-air transmission. Although relatively few wireless cable systems in the United States are currently in operation or under construction, virtually all markets have been licensed or tentatively licensed. The use of digital compression technology, and the FCC's recent amendment to its rules to permit reverse path or two-way transmission over wireless facilities, may enable multichannel multipoint distribution systems to deliver more channels and additional services, including Internet related services. Digital compression technology refers to the conversion of the standard video signal into a digital signal and the compression of that signal to facilitate multiple channel transmissions through a single channel's signal.

PRIVATE CABLE TELEVISION SYSTEMS

Private cable television systems compete with conventional cable television systems for the right to service condominiums, apartment complexes and other multiple unit residential developments. The operators of these private systems, known as satellite master antenna television systems, often enter into exclusive agreements with apartment building owners or homeowners' associations that preclude franchised cable television operators from serving residents of such private complexes. However, the 1984 Cable Act gives franchised cable operators the right to use existing compatible easements within their franchise areas on nondiscriminatory terms and conditions. Accordingly, where there are preexisting compatible easements, cable operators may not be unfairly denied access or discriminated against with respect to access to the premises served by those easements. Conflicting judicial decisions have been issued interpreting the scope of the access right granted by the 1984 Cable Act, particularly with respect to easements located entirely on private property. Under the 1996 Telecom Act, satellite master antenna television systems can interconnect non-commonly owned buildings without having to comply with local, state and federal regulatory requirements that are imposed upon cable systems providing similar services, as long as they do not use public rights of way. The FCC has held that the latter provision is not violated so long as interconnection across public rights of way is provided by a third party.

TRADITIONAL OVERBUILDS

Cable television systems are operated under non-exclusive franchises granted by local authorities. More than one cable system may legally be built in the same area. Franchising authorities have from time to time granted additional franchises to other companies, including other cable operators or telephone companies, and these additional franchises might contain terms and conditions more favorable than those afforded to the incumbent cable operator. In addition, entities willing to establish an open video system, under which they offer unaffiliated programmers non-discriminatory access to a portion of the system's cable system may be able to avoid significant local franchising requirements. Well financed businesses from outside the cable industry, such as public utilities which already possess or are developing fiber optic and other transmission facilities in the areas they serve may over time become competitors. We believe that various entities are currently offering cable service to an estimated 20,000 homes passed in the service areas of our franchises.

INTERNET ACCESS

We have begun to accelerate the offering by our cable systems of high-speed Internet access to our basic subscribers. These cable systems will compete with a number of other companies, many of which have substantial resources, such as existing Internet service providers, commonly known as ISP's, and local and long distance telephone companies.

Recently, a number of ISP's have asked local authorities and the FCC to give them rights of access to cable systems' broadband infrastructure so that they can deliver their services directly to cable systems' customers. Several local franchising authorities have been examining the issue and a few have required cable operators to provide such access. A U.S. District Court recently ruled that localities are authorized to require such access. This decision is being appealed. Some cable companies have initiated litigation challenging municipal open access requirements. The FCC has thus far declined to take action on ISP's access to broadband cable facilities. Congress and several state and local jurisdictions are also reviewing this issue.

The deployment of digital subscriber line technology, known as DSL, allows Internet access to subscribers at data transmission speeds equal to or greater than that of modems over conventional telephone lines. Numerous companies, including telephone companies, have introduced DSL service and certain telephone companies are seeking to provide high-speed broadband services, including interactive online services, without regard to present service boundaries and other regulatory restrictions. We are unable to predict the likelihood of success of competing online services offered by our competitors or what impact these competitive ventures may have on our business operations.

OTHER COMPETITION

The FCC has authorized a new interactive television service which permits non-video transmission of information between an individual's home and entertainment and information service providers. This service, which can be used by direct broadcast satellite systems, television stations and other video programming distributors, including cable television systems, is an alternative technology for the delivery of interactive video services. It does not appear at the present time that this service will have a material impact on the operations of cable television systems.

The FCC has allocated spectrum in the 28GHz range for a new multichannel wireless service that can be used to provide video and telecommunications services. The FCC recently completed the process of awarding licenses to use this spectrum via a market-by-market auction. We do not know whether such a service would have a material impact on the operations of cable television systems.

The 1996 Telecom Act directed the FCC to establish, and the FCC has adopted, regulations and policies for the issuance of licenses for digital television to incumbent television broadcast licensees. Digital television can deliver high definition television pictures and multiple digital-quality program streams, as well as CD-quality audio programming and advanced digital services, such as data transfer or subscription video. The FCC also has authorized television broadcast stations to transmit textual and graphic information that may be useful to both consumers and businesses. The FCC also permits commercial and noncommercial FM stations to use their subcarrier frequencies to provide non-broadcast services, including data transmission.

Advances in communications technology, as well as changes in the marketplace and the regulatory and legislative environment, are constantly occurring. Thus, it is not possible to predict the competitive effect that ongoing or future developments might have on the cable industry.

EMPLOYEES

As of December 31, 1999, we employed 1,242 full-time employees and 182 part-time employees. None of our employees are represented by a labor union. We consider our relations with our employees to be good.

LEGISLATION AND REGULATION

A federal law known as the Communications Act of 1934, (the "Communications Act"), as amended, establishes a national policy to guide the regulation, development and operation of cable communications systems. In 1996, a comprehensive amendment to the Communications Act became effective and is expected to promote competition and decrease governmental regulation of various communications industries, including the cable television industry. However, until the desired competition develops, various federal, state and local governmental units will have broad regulatory authority and responsibilities over telecommunications and cable television matters. The courts, especially the federal courts, will continue to play an important oversight role as the statutory and regulatory provisions are interpreted and enforced by the various federal, state and local governmental units.

The Communications Act allocates principal responsibility for enforcing the federal policies between the FCC, state and local governmental authorities. The FCC and state regulatory agencies regularly conduct administrative proceedings to adopt or amend regulations implementing the statutory mandate of the Communications Act. At various times, interested parties to these administrative proceedings challenge the new or amended regulations and policies in the courts with varying levels of success. We expect that further court actions and regulatory proceedings will occur and will refine the rights and obligations of various parties, including the government, under the Communications Act. The results of these judicial and administrative proceedings may materially affect the cable industry and our business and operations. In the following paragraphs, we summarize the federal laws and regulations materially affecting the growth and operation of the cable industry. We also provide a brief description of certain state and local laws.

FEDERAL REGULATION

The Communications Act and the regulations and policies of the FCC affect significant aspects of our cable system operations, including:

- subscriber rates;
- the content of the programming we offer to subscribers, as well as the way we sell our program packages to subscribers;
- the use of our cable systems by the local franchising authorities, the public and other unrelated companies;
- our franchise agreements with local governmental authorities;
- cable system ownership limitations and prohibitions; and
- our use of utility poles and conduit.

SUBSCRIBER RATES

The Communications Act and the FCC's regulations and policies limit the ability of cable systems to raise rates for basic services and equipment. No other rates can be regulated. Federal law exempts cable systems from rate regulation of cable services and customer equipment only in communities that are subject to effective competition, as defined by federal law. Federal law also prohibits the regulation of cable operators' rates where comparable video programming services, other than direct broadcast satellites, are offered by local telephone companies, or their related parties, or by third parties using the local telephone company's facilities.

Where there is no effective competition to the cable operator's services, federal law gives local franchising authorities the responsibility to regulate the rates charged by the operator for:

- the lowest level of programming service offered by cable operator, typically called basic service, which includes the local broadcast channels and any public access or governmental channels that are required by the operator's franchise; and

- the installation, sale and lease of equipment used by subscribers to receive basic service, such as converter boxes and remote control units.

Local franchising authorities who wish to regulate basic service rates and related equipment rates must first obtain FCC certification to regulate by following a simplified FCC certification process and agreeing to follow established FCC rules and policies when regulating the operator's rates.

Several years ago, the FCC adopted detailed rate regulations, guidelines and rate forms that a cable system operator and the local franchising authority must use in connection with the regulation of basic service and equipment rates. The FCC adopted a benchmark methodology as the principal method of regulating rates. However, if this methodology produces unacceptable rates, the operator may also justify rates using a detailed cost-of-service methodology. The FCC's rules also require franchising authorities to regulate equipment rates on the basis of actual cost plus a reasonable profit, as defined by the FCC.

If the local franchising authority concludes that an operator's rates are too high under the FCC's rate rules, the local franchising authority may require the operator to reduce rates and to refund overcharges to subscribers, with interest. The operator may appeal adverse local rate decisions to the FCC.

The FCC's regulations allow an operator to modify regulated rates on a quarterly or annual basis to account for changes in:

- the number of regulated channels;

- inflation; and

- certain external costs, such as franchise and other governmental fees, copyright and retransmission consent fees, taxes, programming fees and franchise-related obligations.

As a further alternative, in 1995 the FCC adopted a simplified cost-of-service methodology which can be used by small cable systems owned by small cable companies. A small cable system is defined as a cable television system which serves 15,000 or fewer basic customers. A small cable company is defined as an entity serving a total of 400,000 or fewer basic customers that is not affiliated with a larger cable television company, i.e., a larger cable television company does not own more that a 20 percent equity share or exercise legal control. This small system rate-setting methodology almost always results in rates which exceed those produced by the benchmark and cost-of-service rules applicable to larger cable television operators. Once the initial rates are set they can be adjusted periodically for inflation and external cost changes as described above. When an eligible small system grows larger than 15,000 basic customers, it can maintain its then current rates, but it cannot increase its rates in the normal course until an increase would be warranted under the rules applicable to systems that have more than 15,000 customers. When a small cable company grows larger than 400,000 basic customers, the qualified systems it then owns will not lose their small system eligibility. If a small cable company sells a qualified system, or if the company itself is sold, the qualified systems retain that status even if the acquiring company is not a small cable company. We were a small cable company, but with the completion of the Triax acquisition, we no longer enjoy this status. However, as noted above, the systems with less than 15,000 customers owned by us prior to the completion of the Triax acquisition remain eligible for small cable system rate regulation.

The Communications Act and the FCC's regulations also:

- require operators to charge uniform rates throughout each franchise area that is not subject to effective competition;
- prohibit regulation of non-predatory bulk discount rates offered by operators to subscribers in commercial and residential developments; and
- permit regulated equipment rates to be computed by aggregating costs of broad categories of equipment at the franchise, system, regional or company level.

CONTENT REQUIREMENTS

The Communications Act and the FCC's regulations contain broadcast signal carriage requirements that allow local commercial television broadcast stations:

- to elect once every three years to require a cable system to carry the station, subject to certain exceptions; or
- to negotiate with us on the terms by which we carry the station on our cable system, commonly called retransmission consent.

The Communications Act requires a cable operator to devote up to one-third of its activated channel capacity for the mandatory carriage of local commercial television stations. The Communications Act also gives local non-commercial television stations mandatory carriage rights; however, such stations are not given the option to negotiate retransmission consent for the carriage of their signals by cable systems. Additionally, cable systems must obtain retransmission consent for:

- all distant commercial television stations, except for commercial satellite-delivered independent superstations such as WGN;
- commercial radio stations; and
- certain low-power television stations.

The FCC has also initiated an administrative proceeding to consider the requirements, if any, for mandatory carriage of digital television signals offered by local television broadcasters. We are unable to predict the ultimate outcome of this proceeding or the impact of new carriage requirements on the operations of our cable systems.

The Communications Act requires our cable systems to permit subscribers to purchase video programming we offer on a per channel or a per program basis without the necessity of subscribing to any tier of service, other than the basic cable service tier. However, we are not required to comply with this requirement until December 2002 for any of our cable systems that do not have addressable converter boxes or that have other substantial technological limitations. Many of our cable systems do not have the technological capability to offer programming in the manner required by the statute and thus currently are exempt from complying with the requirement. We anticipate having significant capital expenditures over the next two to three years in order for us to meet this requirement. We are unable to predict whether the full implementation of this statutory provision in December 2002 will have a material impact on the operation of our cable systems.

To increase competition between cable operators and other video program distributors, the Communications Act and the FCC's regulations:

- preclude any satellite video programmer affiliated with a cable company, or with a common carrier providing video programming directly to its subscribers, from favoring an affiliated company over competitors;

- require such programmers to sell their programming to other unaffiliated video program distributors; and

- limit the ability of such programmers to offer exclusive programming arrangements to their related parties.

The Communications Act and the FCC's regulations contain restrictions on the transmission by cable operators of obscene or indecent programming. It requires cable operators to fully block both the video and audio portion of sexually explicit or indecent programming on channels that are primarily dedicated to sexually oriented programming or alternatively to carry such programming only at safe harbor time periods, which are currently defined by the FCC as the hours between 10 p.m. to 6 a.m. A three-judge federal district court recently determined that this provision was unconstitutional. The federal government appealed the lower court's decision to the United States Supreme Court which recently agreed to review this case.

The FCC actively regulates other aspects of our programming, involving such areas as:

- our use of syndicated and network programs and local sports broadcast programming;

- advertising in children's programming;

- political advertising;

- origination cablecasting;

- sponsorship identification; and

- closed captioning of video programming.

USE OF OUR CABLE SYSTEMS BY THE GOVERNMENT AND UNRELATED THIRD PARTIES

The Communications Act allows local franchising authorities and unrelated third parties to have access to our cable systems' channel capacity for their own use. For example, it:

- permits franchising authorities to require cable operators to set aside channels for public, educational and governmental access programming; and

- requires a cable system with 36 or more activated channels to designate a significant portion of its channel capacity for commercial leased access by third parties to provide programming that may compete with services offered by the cable operator.

The FCC regulates various aspects of third party commercial use of channel capacity on our cable systems, including:

- the maximum reasonable rate a cable operator may charge for third party commercial use of the designated channel capacity;

- the terms and conditions for commercial use of such channels; and

- the procedures for the expedited resolution of disputes concerning rates or commercial use of the designated channel capacity.

The FCC has from time to time received petitions from Internet service providers to require access to our cable systems. We cannot predict if these or other similar proposals will be adopted, or, if adopted, whether they will have an adverse impact on our business and operations.

FRANCHISE MATTERS

We have non-exclusive franchises in virtually every community in which we operate that authorize us to construct, operate and maintain our cable systems. Although franchising matters are normally regulated at the local level through a franchise agreement and/or a local ordinance, the Communications Act provides oversight and guidelines to govern our relationship with local franchising authorities. For example, the Communications Act:

- affirms the right of franchising authorities, which may be state or local, depending on the practice in individual states, to award one or more franchises within their jurisdictions;

- generally prohibits us from operating in communities without a franchise;

- encourages competition with existing cable systems by:

  - allowing municipalities to operate their own cable systems without franchises, and

  - preventing franchising authorities from granting exclusive franchises or from unreasonably refusing to award additional franchises covering an existing cable system's service area;

- permits local authorities, when granting or renewing our franchises, to establish requirements for cable-related facilities and equipment, but prohibits franchising authorities from establishing requirements for specific video programming or information services other than in broad categories;

- permits us to obtain modification of our franchise requirements from the franchise authority or by judicial action if warranted by commercial impracticability; and

- generally prohibits franchising authorities from:

  - imposing requirements during the initial cable franchising process or during franchise renewal that require, prohibit or restrict us from providing telecommunications services,

  - imposing franchise fees on revenues we derived from providing telecommunications services over our cable systems,

  - restricting our use of any type of subscriber equipment or transmission technology, and

  - limits our payment of franchise fees to the local franchising authority to 5.0% of our gross revenues derived from providing cable services over our cable system.

The Communications Act contains renewal procedures designed to protect us against arbitrary denials of renewal of our franchises although, under certain circumstances, the franchising authority could deny us a franchise renewal. Moreover, even if our franchise is renewed, the franchising authority may seek to impose upon us new and more onerous requirements, such as significant upgrades in facilities and services or increased franchise fees as a condition of renewal. Similarly, if a franchising authority's consent is required for the purchase or sale of our cable system or franchise, the franchising authority may attempt to impose more burdensome or onerous franchise requirements on us in connection with a request for such consent. Historically, cable operators providing satisfactory services to their subscribers and complying with the terms of their franchises have almost always obtained franchise renewals. We believe that we have generally met the terms of our franchises and have provided quality levels of service. We anticipate that our future franchise renewal prospects generally will be favorable.

Various courts have considered whether franchising authorities have the legal right to limit the number of franchises awarded within a community and to impose substantive franchise requirements. These decisions have been

inconsistent and, until the U.S. Supreme Court rules definitively on the scope of cable operators' First Amendment protections, the legality of the franchising process generally and of various specific franchise requirements is likely to be in a state of flux.

OWNERSHIP LIMITATIONS

The Communications Act generally prohibits us from owning or operating a satellite master antenna television system or multichannel multipoint distribution system in any area where we provide franchised cable service and do not have effective competition, as defined by federal law. We may, however, acquire and operate a satellite master antenna television system in our existing franchise service areas if the programming and other services provided to the satellite master antenna television system subscribers are offered according to the terms and conditions of our local franchise agreement.

The Communications Act also authorizes the FCC to adopt nationwide limits on the number of subscribers under the control of a cable operator. A federal district court has concluded that this subscriber limitation is unconstitutional and the FCC has stayed its enforcement; an appeal of this decision is pending in a federal appellate court. Pending further action by the federal courts, the FCC recently reconsidered its cable ownership regulations and:

- changed its subscriber ownership limit to 30% of subscribers to multi-channel video programming distributors nationwide, but maintained its voluntary stay on enforcement of that limitation pending further action;

- reaffirmed its subscriber ownership information reporting rules that require any person holding an attributable interest, as defined by FCC rules, in cable systems reaching 20% or more of homes passed by cable plant nationwide to notify the FCC of any incremental change in that person's cable ownership interests;

- retained its 5% voting stock attribution benchmark;

- raised the passive investor voting stock benchmark from 10% to 20%; and

- adopted a new equity/debt rule that will attribute any interest of over 33% of the total assets, I.E., debt plus equity, voting or nonvoting, of an entity.

The Communications Act and FCC regulations also impose limits on the number of channels that can be occupied on a cable system by a video programmer in which a cable operator has an interest. A federal district court has also declared this statutory provision unconstitutional. An appeal of the district court's decision has been consolidated with the appeal challenging the FCC's subscriber ownership limitation regulations.

The 1996 amendments to the Communications Act eliminated the statutory prohibition on the common ownership, operation or control of a cable system and a television broadcast station in the same service area. The identical FCC regulation remains in place pending re-examination, although the FCC has eliminated its regulatory restriction on cross-ownership of cable systems and national broadcasting networks.

The 1996 amendments to the Communications Act also made far-reaching changes in the relationship between local telephone companies and cable service providers. These amendments:

- eliminated federal legal barriers to competition in the local telephone and cable communications businesses, including allowing local telephone companies to offer video services in their local telephone service areas;

- preempted legal barriers to telecommunications competition that previously existed in state and local laws and regulations;

- set basic standards for relationships between telecommunications providers; and

- generally limited acquisitions and prohibited joint ventures between local telephone companies and cable operators in the same market.

Local telephone companies may provide service as traditional cable operators with local franchises or they may opt to provide their programming over open video systems, subject to certain conditions, including, but not limited to, setting aside a portion of their channel capacity for use by unaffiliated program distributors on a non-discriminatory basis. A federal appellate court recently overturned various parts of the FCC's open video rules, including the FCC's preemption of local franchising requirements for open video operators.

POLE ATTACHMENT REGULATION

The Communications Act requires the FCC to regulate the rates, terms and conditions imposed by public utilities for cable systems' use of utility pole and conduit space unless state authorities have demonstrated to the FCC that they adequately regulate pole attachment rates, as is the case in certain states in which we operate. In the absence of state regulation, the FCC administers pole attachment rates on a formula basis. The FCC's current rate formula, which is being reevaluated by the FCC, governs the maximum rate certain utilities may charge for attachments to their poles and conduit by cable operators providing only cable services and until 2001, by certain companies providing telecommunications services. The FCC also adopted a new rate formula that will be effective in 2001 and will govern the maximum rate certain utilities may charge for attachments to their poles and conduit by companies providing telecommunications services, including cable operators.

Any resulting increase in attachment rates due to the FCC's new rate formula will be phased in over a five-year period in equal annual increments, beginning in February 2001. Several parties have requested the FCC to reconsider its new regulations and several parties have challenged the new rules in court. A federal district court recently upheld the constitutionality of the new statutory provision, which requires that utilities provide cable systems and telecommunications carriers with nondiscriminatory access to any pole, conduit or right-of-way controlled by the utility. The lower court's decision was upheld on appeal. We are unable to predict the ultimate impact of any revised FCC rate formula or of any new pole attachment rate regulations on our business and operations.

OTHER REGULATORY REQUIREMENTS OF THE COMMUNICATIONS ACT AND THE FCC

The FCC has adopted cable inside wiring rules to provide a more specific procedure for the disposition of residential home wiring and internal building wiring that belongs to an incumbent cable operator that is forced by the building owner to terminate its cable services in a building with multiple dwelling units. The FCC is also considering additional rules relating to inside wiring that, if adopted, may disadvantage incumbent cable operators.

The Communications Act includes provisions, among others, regulating and the FCC actively regulates other parts of our cable operations, involving such areas as:

- equal employment opportunity;
- consumer protection and customer service;
- technical standards and testing of cable facilities;
- consumer electronics equipment compatibility;
- registration of cable systems;
- maintenance of various records and public inspection files;
- microwave frequency usage; and
- antenna structure notification, marking and lighting.

The FCC may enforce its regulations through the imposition of fines, the issuance of cease and desist orders and/or the imposition of other administrative sanctions, such as the revocation of FCC licenses needed to operate transmission facilities often used in connection with cable operations. The FCC has ongoing rulemaking proceedings that may change its existing rules or lead to new regulations. We are unable to predict the impact that any further FCC rule changes may have on our business and operations.

Other bills and administrative proposals pertaining to cable communications have previously been introduced in Congress or considered by other governmental bodies over the past several years. It is probable that Congress and other governmental bodies will make further attempts relating to the regulation of cable communications services.

COPYRIGHT

Our cable systems typically include in their channel line-ups local and distant television and radio broadcast signals, which are protected by the copyright laws. We generally do not obtain a license to use this programming directly from the owners of the programming, but instead comply with an alternative federal compulsory copyright licensing process. In exchange for filing certain reports and contributing a percentage of our revenues to a federal copyright royalty pool, we obtain blanket permission to retransmit the copyrighted material carried on these broadcast signals. The nature and amount of future copyright payments for broadcast signal carriage cannot be predicted at this time.

In a report to Congress, the U.S. Copyright Office recommended that Congress make major revisions to both the cable television and satellite compulsory licenses. Congress recently modified the satellite compulsory license in a manner that permits DBS providers to become more competitive with cable operators like us. The possible simplification, modification or elimination of the cable communications compulsory copyright license is the subject of continuing legislative review. The elimination or substantial modification of the cable compulsory license could adversely affect our ability to obtain suitable programming and could substantially increase the cost of programming that remains available for distribution to our subscribers. We are unable to predict the outcome of this legislative activity.

Copyrighted music performed in programming supplied to cable television systems by pay cable networks and basic cable networks is licensed by the networks through private agreements with the American Society of Composers and Publishers, commonly referred to as ASCAP, and BMI, Inc., the two major performing rights organizations in the United States. Both the American Society of Composers and Publishers and BMI offer through to the viewer licenses to the cable networks which cover the retransmission of the cable networks' programming by cable television systems to their customers.

Our cable systems also utilize music in other programming and advertising that we provide to subscribers. The rights to use this music are controlled by various music performing rights organizations which negotiate on behalf of their copyright owners for license fees covering each performance. The cable industry and the major music

performing rights organizations are negotiating a standard licensing agreement covering the performance of music contained in advertising and other information inserted by operators into cable programming and on local access and origination channels carried on cable systems. Rate courts established by a New York federal court exist to determine appropriate copyright coverage and royalty fees in the event the parties fail to reach a settlement or to negotiate renewals of licensing agreements. Although we cannot predict the ultimate outcome of these industry negotiations or the amount of any license fees we may be required to pay for past and future use of music, we do not believe such license fees will be significant to our financial position, results of operations or liquidity.

STATE AND LOCAL REGULATION

Our cable systems use local streets and rights-of-way. Consequently, we must comply with state and local regulation, which is typically imposed through the franchising process. Our cable systems generally are operated in accordance with non-exclusive franchises, permits or licenses granted by a municipality or other state or local government entity. Our franchises generally are granted for fixed terms and in many cases are terminable if we fail to comply with material provisions. The terms and conditions of our franchises vary materially from jurisdiction to jurisdiction. Each franchise generally contains provisions governing:

- franchise fees;
- franchise term;
- system construction and maintenance obligations;
- system channel capacity;
- design and technical performance;
- customer service standards;
- sale or transfer of the franchise;
- territory of the franchise;
- indemnification of the franchising authority;
- use and occupancy of public streets; and
- types of cable services provided.

A number of states subject cable systems to the jurisdiction of centralized state governmental agencies, some of which impose regulation of a character similar to that of a public utility. Attempts in other states to regulate cable systems are continuing and can be expected to increase. To date, no state in which we operate has enacted such state-level regulation. State and local franchising jurisdiction is not unlimited; however, it must be exercised consistently with federal law. The Communications Act immunizes franchising authorities from monetary damage awards arising from regulation of cable systems or decisions made on franchise grants, renewals, transfers and amendments.

The foregoing describes all material present and proposed federal, state and local regulations and legislation affecting the cable industry. Other existing federal regulations, copyright licensing, and, in many jurisdictions, state and local franchise requirements, are currently the subject of judicial proceedings, legislative hearings and administrative proposals which could change, in varying degrees, the manner in which cable systems operate. Neither the outcome of these proceedings nor their impact upon the cable industry or our cable operations can be predicted at this time.

ITEM 2. PROPERTIES

Our principal physical assets consist of cable television operating plant and equipment, including signal receiving, encoding and decoding devices, headend facilities and distribution systems and equipment at or near customers' homes for each of the systems. The signal receiving apparatus typically includes a tower, antenna, ancillary electronic equipment and earth stations for reception of satellite signals. Headend facilities are located near the receiving devices. Some basic subscribers of the systems utilize converters that can be addressed by sending coded signals from the headend facility over the cable network. Our distribution system consists primarily of coaxial and fiber optic cables and related electronic equipment.

We own the real property housing our regional call centers in Gulf Breeze, Florida; Chillicothe, Illinois; and Waseca, Minnesota as well as numerous locations for business offices and warehouses throughout our operating regions. We lease space for our other regional call centers in Benton, Kentucky; and Hendersonville, North Carolina. We also lease additional locations for business offices and warehouses throughout our operating regions. Our headend facilities, signal reception sites and microwave facilities are located on owned and leased parcels of land, and we generally own the towers on which certain of our equipment is located. We own most of our service vehicles. We believe that our properties both owned and leased, are in good condition and are suitable and adequate for our operations.

Our cable television plant and related equipment generally are attached to utility poles under pole rental agreements with local public utilities, although in some areas the distribution cable is buried in underground ducts or trenches. The physical components of the systems require maintenance and periodic upgrading to improve system performance and capacity.

ITEM 3. LEGAL PROCEEDINGS

On January 19, 2000, Grey Advertising Inc. and Mediacom Inc., a wholly-owned subsidiary of Grey, filed an action against us in the United States District Court for the Southern District of New York asserting trademark infringement, among other claims. The complaint alleges that Grey owns a federally registered trademark for "Mediacom" and that our use of this name constitutes trademark infringement. Grey is seeking a permanent injunction to prohibit us from using the Mediacom name in the conduct of our business together with unspecified monetary damages. We have denied the substantive allegations of the complaint and are defending the action. If we are found to have infringed the proprietary rights of Grey with respect to our use of the "Mediacom" mark or variations thereof, we could be enjoined from using the "Mediacom" mark in connection with our business and be required to pay material monetary damages.

There are no other material pending legal proceedings to which we are a party or to which any of our properties are subject.

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

No matters were submitted to a vote of security holders during the fourth quarter of the fiscal year ended December 31, 1999.

PART II

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

Our Class A common stock has been traded on the Nasdaq National Market under the symbol "MCCC" since February 4, 2000, the date of our initial public offering. Prior to that time, there was no public market for our common stock. The following table sets forth, for the period indicated, the high and low closing sales prices for our Class A common stock as reported by the Nasdaq National Market:

	High	Low
First Quarter (from February 4, 2000 through March 15, 2000)	$ 19 3/4	$ 13 15/16

On March 15, 2000, the last reported sale price for our Class A common stock on the Nasdaq National Market was $18.00 per share. As of March 15, 2000, there were 26 holders of record of our Class A common stock, and there were 14 holders of record of our Class B common stock.

We have never declared or paid any dividends on our common stock. We currently anticipate that we will retain all of our future earnings for use in the expansion and operation of our business. Thus, we do not anticipate paying any cash dividends on our common stock in the foreseeable future. Our future dividend policy will be determined by our board of directors and will depend on various factors, including our results of operations, financial condition, capital requirements and investment opportunities. In addition, the indentures relating to our outstanding indebtedness restrict our payment of dividends.

USE OF PROCEEDS FROM OUR INITIAL PUBLIC OFFERING

The effective date of our registration statement, which was filed on Form S-1 under the Securities Act of 1933 (File Nos. 333-90879) and which relates to the initial public offering of our Class A common stock, was February 3, 2000. A total of 23,000,000 shares of our Class A common stock, including 3,000,000 shares to cover any over-allotment of shares, were registered at a proposed maximum aggregate offering price of $460.0 million.

The offering commenced on February 4, 2000 and was completed on February 9, 2000. The managing underwriters for the offering were Credit Suisse First Boston Corporation, Salomon Smith Barney Inc., Donaldson, Lufkin & Jenrette Securities Corporation, Goldman, Sachs & Co., Merrill Lynch, Pierce, Fenner & Smith Incorporated, Chase Securities Inc., CIBC World Markets Corp and First Union Securities, Inc. A total of 20,000,000 shares of our Class A common stock were sold in the offering for an aggregate offering price of $380.0 million. Our net proceeds, after underwriting discounts of approximately $22.8 million and estimated expenses related to the offering of approximately $2.8 million, were $354.4 million and were used to repay bank indebtedness.

ITEM 6. SELECTED FINANCIAL DATA

In the table below, we provide you with:

- selected historical financial data for the year ended December 31, 1995 and for the period from January 1, 1996 through March 11, 1996, and balance sheet data as of December 31, 1995, which are derived from the audited financial statements of Benchmark Acquisition Fund II Limited Partnership, which is our predecessor company; and

- selected historical consolidated financial and operating data for the period from the commencement of our operations on March 12, 1996 through December 31, 1996 and for the years ended December 31, 1997, 1998 and 1999, and balance sheet data as of December 31, 1996, 1997, 1998 and 1999, which are derived from and should be read in conjunction with the audited consolidated financial statements of Mediacom LLC.

Mediacom LLC commenced operations on March 12, 1996 with the acquisition of a cable system from Benchmark Acquisition Fund II Limited Partnership and has since completed ten additional acquisitions as of December 31, 1999. The historical results of operations of the systems acquired have been included from their respective dates of acquisition to the end of the period presented.

Mediacom LLC was formed as a limited liability company in July 1995 and since that time its taxable income or loss has been included in the federal and certain state income tax returns of our members.

We are a Delaware corporation that was organized in November 1999. Upon completion of our initial public offering, we became subject to the provisions of Subchapter C of the Internal Revenue Code. As a C corporation, we will be fully subject to federal, state and local income taxes.

See "Management's Discussion and Analysis of Financial Condition and Results of Operations."

SELECTED FINANCIAL DATA

	PREDECESSOR		MEDIACOM LLC			
	YEAR ENDED DECEMBER 31, 1995	JANUARY 1 THROUGH MARCH 11, 1996	MARCH 12 THROUGH DECEMBER 31, 1996	YEAR ENDED DECEMBER 31, 1997	YEAR ENDED DECEMBER 31, 1998	YEAR ENDED DECEMBER 31, 1999
	(DOLLARS IN THOUSANDS, EXCEPT PER SHARE AND PER SUBSCRIBER AMOUNT)					
STATEMENT OF OPERATIONS DATA:						
Revenues	$ 5,171	$ 1,038	$ 5,411	$ 17,634	$ 129,297	$ 176,052
Costs and expenses:						
Service costs	1,536	297	1,511	5,547	43,849	58,058
Selling, general and administrative expenses	1,059	222	931	2,696	25,596	32,949
Management fee expense(1)	261	52	270	882	5,797	6,951
Depreciation and amortization	3,945	527	2,157	7,636	65,793	101,065
Non-cash stock charges(2)	-	-	-	-	-	15,445
Operating income (loss)	(1,630)	(60)	542	873	(11,738)	(38,416)
Interest expense, net(3)	935	201	1,528	4,829	23,994	37,817
Other expenses	-	-	967	640	4,058	5,087
Net loss	$(2,565)	$ (261)	$ (1,953)	(4,596)	$ (39,790)	$ (81,320)
Basic and diluted net loss per share(4)			$ (4.45)	$ (3.66)	$ (5.28)	$ (4.11)
Weighted average common shares outstanding(4)			438,551	1,255,501	7,537,912	19,797,130
BALANCE SHEET DATA (END OF PERIOD):						
Total assets	$ 8,149		$ 46,560	$ 102,791	$ 451,152	$ 1,265,926
Total debt	12,217		40,529	72,768	337,905	1,139,000
Total redeemable members' equity	(4,568)		4,537	24,441	78,651	54,615
SUPPLEMENTARY DATA:						
System cash flow(5)	$ 2,576	$ 519	$ 2,969	$ 9,391	$ 59,852	$ 85,045
System cash flow margin(6)	49.8%	50.0%	54.9%	53.3%	46.3%	48.3%
EBITDA(7)	$ 2,315	467	$ 2,699	$ 8,509	$ 54,055	$ 78,094
EBITDA margin(8)	44.8%	45.0%	49.9%	48.3%	41.8%	44.4%
Net cash flows provided by operating activities	$ 1,478	$ 226	$ 237	$ 7,007	$ 53,556	$ 54,216
Net cash flows used in investing activities	(261)	(86)	(45,257)	(60,008)	(397,085)	(851,548)
Net cash flows (used in) provided by financing activities	(1,077)	-	45,416	53,632	344,714	799,593
OPERATING DATA						
(END OF PERIOD, EXCEPT AVERAGE):						
Homes passed(9)			38,749	87,750	520,000	1,071,500
Basic subscribers(10)			27,153	64,350	354,000	719,000
Basic penetration(11)			70.1%	73.3%	68.1%	67.1%
Premium service units(12)			11,691	39,288	407,100	587,000
Premium penetration(13)			43.1%	61.1%	115.0%	81.6%
Average monthly revenues per basic subscriber(14)				$ 32.11	$ 32.88	$ 35.52

(NOTES ON FOLLOWING PAGE)

NOTES TO SELECTED FINANCIAL DATA

(1) Represents fees paid to Mediacom Management Corporation ("Mediacom Management"), a Delaware corporation, for management services rendered to our operating subsidiaries. Mediacom Management utilized these fees to compensate its employees as well as to fund its corporate overhead. The management agreements with Mediacom Management were amended effective November 19, 1999 in connection with an amendment to Mediacom LLC's operating agreement. The amended agreements provided for management fees equal to 2% of annual gross revenues. Each of the management agreements was terminated upon the completion of our initial public offering. At that time, Mediacom Management's employees became our employees and its corporate overhead became our corporate overhead. These expenses will be reflected as our corporate expense, which we estimate will amount to approximately 2% of our annual gross revenues.

(2) Represents a non-cash stock charge of approximately $628,000 associated with amendments to our management agreements with Mediacom Management for which additional equity interests were granted to a Mediacom LLC member and an approximate $14.8 million non-cash stock charge associated with a grant of equity interests to certain members of our management team in 1999. See Notes 10 and 15 of Mediacom LLC's consolidated financial statements for further discussion.

(3) Net of interest income. Interest income for the periods presented was not material.

(4) Basic and diluted loss per share is calculated based on the weighted average shares outstanding. The weighted average shares outstanding is computed based on the conversion ratio used to exchange the Mediacom LLC's membership units for shares of Mediacom Communications Corporation Class A and Class B common stock immediately prior to Mediacom Communications Corporation's initial public offering. See Note 3 of Mediacom LLC's consolidated financial statements.

(5) Represents EBITDA, as defined in note 7 below, before management fee expense. System cash flow:

- 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.

System cash flow is included in this report because our management believes that system cash flow 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 system cash flow may not be identical to similarly titled measures reported by other companies.

(6) Represents system cash flow as a percentage of revenues. This measurement is used by us, and is commonly used in the cable television industry, to analyze and compare cable television companies on the basis of operating performance, for the reasons discussed in note 5 above.

(7) Represents operating income (loss) before depreciation and amortization and non-cash stock charges. 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 report 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.

(8) Represents EBITDA as a percentage of revenues. This measurement is used by us, and is commonly used in the cable television industry, to analyze and compare cable television companies on the basis of operating performance, for the reasons discussed in note 7 above.

(9) Represents the number of single residence homes, apartments and condominium units passed by the cable distribution network in a cable system's service area.

(10) Represents subscribers of a cable television system who receive a package of over-the-air broadcast stations, local access channels and/or certain satellite-delivered cable television services and who are usually charged a flat monthly rate for a number of channels.

(11) Represents basic subscribers as a percentage of total number of homes passed.

(12) Represents the number of subscriptions to premium services. A subscriber may purchase more than one premium service, each of which is counted as a separate premium service unit.

(13) Represents premium service units as a percentage of total number of basic subscribers. This ratio may be greater than 100% if the average basic subscriber subscribes to more than one premium service unit.

(14) Represents average monthly revenues for the last three months of the period divided by average basic subscribers for such period. Average monthly revenues per basic subscriber includes the revenues of acquisitions of cable systems made during the last three months of the period as if such acquisitions were completed at the beginning of the three month period. This measurement is commonly used in the cable television industry to analyze and compare cable television companies on the basis of operating performance.

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

INTRODUCTION

We materially expanded our business in 1997, 1998 and 1999 through acquisitions. The acquisitions of the Zylstra and Triax systems in October and November 1999 doubled the number of our basic subscribers. All acquisitions have been accounted for under the purchase method of accounting and, therefore, our historical results of operations include the results of operations for each acquired system subsequent to its respective acquisition date. As such, we do not believe the discussion and analysis of our historical financial condition and results of operations set forth below are indicative nor should they be relied upon as an indicator of our future performance.

GENERAL

Our revenues are primarily attributable to monthly subscription fees charged to basic subscribers for our basic and premium cable television programming services.

- Basic revenues consist of monthly subscription fees for all services other than premium programming and also include monthly charges for customer equipment rental and installation fees.

- Premium revenues consist of monthly subscription fees for programming provided on a per channel basis or as part of premium service packages.

- Other revenues represent pay-per-view charges, late payment fees, advertising revenues 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.

The following table sets forth for the periods indicated the percentage of our total revenues attributable to the sources indicated:

	YEARS ENDED DECEMBER 31,		
	1999	1998	1997
Basic revenues	81.0%	80.0%	81.0%
Premium revenues	13.0	15.0	9.0
Other revenues	6.0	5.0	10.0
Total revenues	100.0%	100.0%	100.0%

For each year of the past three years, we generated significant increases in revenues as a result of our acquisition activities, increases in monthly revenues per basic subscriber and internal subscriber growth.

Our operating expenses consist of service costs and selling, general and administrative expenses directly attributable to our cable systems. Service costs include fees paid to programming suppliers, expenses related to copyright fees, wages and salaries of technical personnel and plant operating costs. Programming fees have historically increased at rates in excess of inflation due to increases in the number of programming services we have offered and improvements in the quality of programming. We believe that under the Federal Communication Commission's existing cable rate regulations, we will be able to increase our rates for cable television services to more than cover any increases in the costs of programming. However, competitive factors may limit our ability to increase our rates. We benefit from our membership in a cooperative of cable television companies which serve over twelve million basic subscribers, which provides its members with significant volume discounts from programming suppliers and cable equipment vendors. Selling, general and administrative expenses directly attributable to our cable television 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.

Until our initial public offering on February 4, 2000, Mediacom Management 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 ranged from 4.0% to 5.0% of our annual gross revenues until November 19, 1999. On such date, the management agreements with Mediacom Management were amended in connection with an amendment to Mediacom LLC's operating agreement to provide for annual management fees equal to 2.0% of annual gross revenues. As part of this amendment, Mediacom Management waived all management fees incurred from July 1, 1999 through November 19, 1999 by Mediacom LLC's operating subsidiaries. Each of the management agreements was terminated upon the date of our initial public offering. At that time, Mediacom Management's employees became our employees and its corporate overhead became our corporate overhead. These expenses will be reflected as our corporate expense, which we estimate will amount to approximately 2% of our annual gross revenues.

Mediacom Management received acquisition fees ranging from 0.5% to 1.0% of the purchase price of acquisitions made by Mediacom LLC and such fees are included in other expenses. In accordance with an amendment to Mediacom LLC's operating agreement, Mediacom Management waived the acquisition fees related to the acquisitions of the Triax and Zylstra systems and no further acquisition fees will be payable.

The high level of depreciation and amortization associated with our acquisition activities as well as the interest expense related to our financing activities have caused us to report net losses in our limited operating history. We believe that such net losses are common for cable television companies and anticipate that we will continue to incur net losses for the foreseeable future.

EBITDA represents operating income (loss) before depreciation and amortization and non-cash stock charges. 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 report because our management believes that EBITDA is a meaningful measure 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.

RESULTS OF OPERATIONS

YEAR ENDED DECEMBER 31, 1999 COMPARED TO YEAR ENDED DECEMBER 31, 1998

The following historical information for the years ended December 31, 1999 and 1998 includes the results of operations of the Clearlake system, which was acquired on January 9, 1998, the Cablevision systems, which were acquired on January 23, 1998, the Caruthersville system, which was acquired on October 1, 1998, the Zylstra systems, which were acquired on October 15, 1999, and the Triax systems, which were acquired on November 4, 1999, only for that portion of the respective period that such cable television systems were owned by us.

REVENUES. Revenues increased 36.2% to approximately $176.1 million for the year ended December 31, 1999, as compared to approximately $129.3 million for the prior year primarily as a result of:

- an increase of $3.26 in the average monthly basic service rate per basic subscriber;
- the inclusion of the results of operations of the Triax and Zylstra systems since the dates of their acquisition by us in 1999; and
- internal basic subscriber growth of 1.9%, excluding the acquisition of the Triax and Zylstra systems.

SERVICE COSTS. Service costs increased 32.4% to approximately $58.1 million for the year ended December 31, 1999, as compared to approximately $43.8 million for the prior year. Our ownership of the Triax and Zylstra systems in 1999 accounted for 60.7% of this increase. The remaining 39.3% of this increase is principally due to higher programming costs. As a percentage of revenues, service costs were 33.0% for the year ended December 31, 1999, as compared to 33.9% for the prior year.

SELLING, GENERAL AND ADMINISTRATIVE EXPENSES. Selling, general and administrative expenses increased 28.7% to approximately $32.9 million for the year ended December 31, 1999, as compared to approximately $25.6 million for the prior year. Our ownership of the Triax and Zylstra systems in 1999 accounted for 50.7% of this increase in selling, general and administrative expenses. The remaining 49.3% of this increase is primarily due to increased marketing costs associated with the promotion of new programming services and increased personnel expenses. As a percentage of revenues, selling, general and administrative expenses were 18.7% for the year ended December 31, 1999, as compared to 19.8% for the prior year.

MANAGEMENT FEE EXPENSE. Management fee expense increased 19.9% to approximately $7.0 million for the year ended December 31, 1999, as compared to approximately $5.8 million for the prior year, due to the higher revenues generated in the 1999 period. The management agreements were amended on November 19, 1999 in connection with an amendment to Mediacom LLC's operating agreement to provide annual management fees equal to 2.0% of annual gross revenues, as further discussed in Note 10 of Mediacom LLC's consolidated financial statements.

DEPRECIATION AND AMORTIZATION. Depreciation and amortization increased 53.6% to approximately $101.1 million for the year ended December 31, 1999, as compared to approximately $65.8 million for the prior year. This increase was substantially due to our purchase of the Triax and Zylstra systems in 1999 and additional capital expenditures associated with the upgrade of our systems.

NON-CASH STOCK CHARGES. Non-cash stock charges were approximately $15.4 million for the year ended December 31, 1999. These non-cash charges resulted from amendments to our management agreements with Mediacom Management and a grant of equity interests to certain members of our management team, as further discussed in Notes 10 and 15 of Mediacom LLC's consolidated financial statements.

OPERATING INCOME (LOSS). Due to the factors described above, we generated an operating loss of approximately $38.4 million for the year ended December 31, 1999, as compared to an operating loss of approximately $11.7 million for the prior year.

INTEREST EXPENSE, NET. Interest expense, net, increased 57.6% to approximately $37.8 million for the year ended December 31, 1999, as compared to approximately $24.0 million for the prior year. This increase was substantially due to higher average debt outstanding during the 1999 period as a result of the debt incurred in connection with the purchase of the Triax and Zylstra systems.

OTHER EXPENSES. Other expenses increased 25.4% to approximately $5.1 million for the year ended December 31, 1999, as compared to approximately $4.1 million for the prior year. This increase was principally due to acquisition fees payable to Mediacom Management in 1999 in connection with the acquisitions of the Triax and Zylstra systems.

NET LOSS. Due to the factors described above, we generated a net loss of approximately $81.3 million for the year ended December 31, 1999, as compared to a net loss of approximately $39.8 million for the prior year.

EBITDA. EBITDA increased 44.5% to approximately $78.1 million for the year ended December 31, 1999, as compared to approximately $54.1 million for the prior year. This increase was substantially due to the reasons noted above. As a percentage of revenues, EBITDA increased to 44.4% for the year ended December 31, 1999, as compared to 41.8% for the prior year.

YEAR ENDED DECEMBER 31, 1998 COMPARED TO YEAR ENDED DECEMBER 31, 1997

The following historical information for the years ended December 31, 1998 and 1997 includes the results of operations of the Lower Delaware system, which was acquired on June 24, 1997, the Sun City system, which was acquired on September 19, 1997, the Clearlake system, which was acquired on January 9, 1998, the Cablevision systems, which were acquired on January 23, 1998, and the Caruthersville system, which was acquired on October 1, 1998, only for that portion of the respective period that such cable television systems were owned by us.

REVENUES. Revenues increased to approximately $129.3 million for the year ended December 31, 1998, as compared to approximately $17.6 million for the prior year principally due to:

- the inclusion of the results of operations of the Lower Delaware and Sun City systems for the full year ended December 31, 1998;

- the inclusion of the results of operations of the Clearlake, Cablevision and Caruthersville systems from their respective acquisition dates;

- an increase of $3.34 in the average monthly basic service rate per basic subscriber; and

- internal basic subscriber growth of 2.5%.

SERVICE COSTS. Service costs increased to approximately $43.8 million for the year ended December 31, 1998, as compared to approximately $5.5 million for the prior year. Substantially all of this increase was due to the inclusion of the results of operations of the Cablevision, Caruthersville, Clearlake, Lower Delaware and Sun City systems. As a percentage of revenues, service costs were 33.9% in 1998, as compared to 31.5% in 1997.

SELLING, GENERAL AND ADMINISTRATIVE EXPENSES. Selling, general and administrative expenses increased to approximately $25.6 million for the year ended December 31, 1998, as compared to approximately $2.7 million for the prior year. Substantially all of this increase was due to the inclusion of the results of operations of the Cablevision, Caruthersville, Clearlake, Lower Delaware and Sun City systems. As a percentage of revenues, selling, general and administrative expenses were 19.8% in 1998, as compared to 15.3% in 1997.

MANAGEMENT FEE EXPENSE. Management fee expense increased to approximately $5.8 million for the year ended December 31, 1998, as compared to approximately $882,000 for the prior year due to the higher revenues generated in 1998.

DEPRECIATION AND AMORTIZATION. Depreciation and amortization increased to approximately $65.8 million for the year ended December 31, 1998, as compared to approximately $7.6 million for the prior year. This increase was substantially due to our acquisitions described above and additional capital expenditures associated with the upgrade of our systems.

OPERATING INCOME (LOSS). Due to the factors described above, we generated an operating loss of approximately $11.7 million for the year ended December 31, 1998, as compared to operating income of approximately $873,000 for the prior year.

INTEREST EXPENSE, NET. Interest expense, net, increased to approximately $24.0 million for the year ended December 31, 1998, as compared to approximately $4.8 million for the prior year. This increase was substantially due to the additional debt incurred in connection with the acquisitions described above.

OTHER EXPENSES. Other expenses increased to approximately $4.1 million for the year ended December 31, 1998, as compared to approximately $640,000 for the prior year. This increase was substantially due to acquisition fees paid to Mediacom Management in connection with the acquisitions described above.

NET LOSS. Due to the factors described above, we generated a net loss of approximately $39.8 million for the year ended December 31, 1998, as compared to a net loss of approximately $4.6 million for the prior year.

EBITDA. EBITDA increased to approximately $54.1 million for the year ended December 31, 1998, as compared to approximately $8.5 million for the prior year. This increase was substantially due to reasons noted above. As a percentage of revenues, EBITDA decreased to 41.8% for the year ended December 31, 1998, as compared to 48.3% for the prior year. This decrease was principally due to the higher programming costs and selling, general and administrative expenses of the Cablevision, Caruthersville, Clearlake, Lower Delaware and Sun City systems in relation to the revenues generated by such cable television systems.

LIQUIDITY AND CAPITAL RESOURCES

Our business requires substantial capital for the upgrade, expansion and maintenance of our cable network. In addition, we have pursued, and will continue to pursue, a business strategy that includes selective acquisitions. We have funded our working capital requirements, capital expenditures and acquisitions through a combination of internally generated funds, long-term borrowings and equity contributions. We intend to continue to finance such expenditures through internally generated funds, long-term borrowings and equity financings.

From the commencement of our operations in March 1996 through December 1998, we invested approximately $432.4 million, before closing costs and adjustments, to acquire cable television systems serving 360,600 basic subscribers as of December 31, 1999. In October and November 1999, we invested approximately $759.6 million, before closing costs and adjustments, to acquire the Triax and Zylstra systems serving 358,400 basic subscribers as of December 31, 1999.

On October 15, 1999, we purchased the outstanding stock of Zylstra for a purchase price of $19.5 million, before closing costs and adjustments. As of December 31, 1999, the Zylstra system served approximately 14,000 basic subscribers in Iowa, Minnesota and South Dakota. The acquisition of the Zylstra system and related closing costs and adjustments were financed with cash on hand and borrowings under our subsidiary credit facilities. See Notes 4 and 9 to Mediacom LLC's consolidated financial statements.

On November 5, 1999, we acquired the cable television systems owned by Triax for a purchase price of $740.1 million, before closing costs and adjustments. As of December 31, 1999, the Triax systems served approximately 344,400 basic subscribers in eight states, principally Illinois, Indiana, Iowa, Minnesota and Wisconsin. The acquisition of the Triax systems and related closing costs and adjustments were financed with borrowings under our subsidiary credit facilities and $10.5 million of additional equity contributions from members of Mediacom LLC. See Notes 4 and 9 to Mediacom LLC's consolidated financial statements.

During the third quarter of 1998, we modified our previously disclosed five-year system upgrade program by accelerating its planned completion date to June 30, 2000. Upon completion, we anticipate that 85% of our customers, excluding the Triax and Zylstra customers, will be served by systems with 550MHz to 750MHz bandwidth capacity.

As a result of our accelerated capital improvement program, total capital expenditures were $86.7 million and $53.7 million for the years ended December 31, 1999 and December 31, 1998, respectively. Our original plans called for capital expenditures of $66.0 million during 1999. The amount spent over our original plans was principally due to expenditures relating to the launch of digital cable and two-way, high-speed Internet services, unplanned fiber interconnection projects and expenditures in the recently acquired Triax and Zylstra systems. For the years ended December 31, 1999 and 1998, net cash flows provided by operating activities were $54.2 million and $53.6 million, respectively, which together with borrowings under our subsidiary credit facilities funded such capital expenditures.

As a result of our recent acquisitions of the Triax and Zylstra systems, we have updated our capital improvement program and now expect to spend approximately $400 million over the three-year period ending December 2002, of which approximately $240 million will be invested to upgrade our cable network and approximately $160 million will be used for plant expansion, digital headends and set-top boxes, cable modems and maintenance. The Triax and Zylstra systems represent 58% of total capital spending in this period, including approximately $150 million of planned investments to upgrade the cable network of these systems. We expect to fund these expenditures through net

cash flows from operations and additional borrowings under our subsidiary credit facilities. By December 2002, including the Triax and Zylstra systems, we anticipate:

- 91% of our basic subscribers will be served by systems with 550MHz to 750MHz bandwidth capacity and two-way communications capability; and

- 359 headend facilities will be eliminated, resulting in 90 headend facilities serving all of our basic subscribers and 40 headend facilities serving 92% of our basic subscribers.

Our financing strategy is to issue long-term public debt at the holding company while utilizing our subsidiaries to access debt capital, principally in the commercial bank market, through stand-alone borrowing groups. We believe that this financing strategy is beneficial because it broadens our access to various debt markets, enhances our flexibility in managing our capital structure, reduces overall cost of debt capital and permits us to maintain a substantial liquidity position in the form of unused and available bank credit commitments.

Financings of our subsidiaries are currently effected through two stand-alone borrowing groups, each with separate lending groups. The credit arrangements in these borrowing groups are non-recourse to Mediacom LLC, have no cross-default provision relating directly to each other, have different revolving credit and term periods and contain separately negotiated covenants tailored for each borrowing group. These credit arrangements permit the subsidiaries, subject to covenant restrictions, to make distributions to Mediacom LLC. As of December 31, 1999, we were in compliance with all of the financial and other covenants provided for in our bank credit agreements.

To finance our acquisitions, working capital requirements and capital expenditures and to provide liquidity for future capital needs, we have completed the following financing arrangements as of December 31, 1999:

- $200.0 million offering of our 8 1/2% senior notes due April 2008;

- $125.0 million offering of our 7 7/8% senior notes due February 2011;

- $550.0 million subsidiary credit facility expiring in September 2008;

- $550.0 million subsidiary credit facility expiring in December 2008; and

- $135.4 million of equity capital contributed by the members of Mediacom.

The final maturities of our subsidiary credit facilities are subject to earlier repayment on dates ranging from June 2007 to December 2007 if we do not refinance our 8 1/2% senior notes prior to March 31, 2007.

On February 26, 1999, Mediacom LLC and Mediacom Capital Corporation jointly issued $125.0 million aggregate principal amount of 7 7/8% senior notes due February 15, 2011. The net proceeds of approximately $121.9 million were used to repay outstanding debt under the bank credit agreements.

As of December 31, 1999, we had entered into interest rate swap agreements, which expire from 2000 through 2002, to hedge $50.0 million of floating rate debt under our subsidiary credit facilities. As of such date, the weighted average interest rate on all indebtedness outstanding under our subsidiary credit facilities was 8.0%, before giving effect to these interest rate swap agreements. As of December 31, 1999, we had approximately $285.6 million of unused credit commitments under our subsidiary credit facilities.

In November 1999, we completed an agreement with SoftNet to deploy its two-way, high-speed Internet access service throughout most of our cable systems. Through the agreement with SoftNet, we are required to upgrade our cable network to provide two-way communications capability in systems passing 900,000 homes, and make available such homes to SoftNet by December 2002. Our capital spending plans include our investment in two-way communications capability. As consideration for giving SoftNet access to our customers, SoftNet issued to us 3.5 million shares of its common stock, representing a market value of approximately $87.9 million as of December 31, 1999. Of the issued shares, up to 90% are subject to forfeiture in the event we do not make available a specified number of two-way capable homes by certain prescribed dates.

On February 9, 2000, we completed an initial public offering of 20,000,000 shares of our Class A common stock at $19.00 per share. Our net proceeds, after underwriting discounts of approximately $22.8 million and estimated expenses related to the offering of approximately $2.8 million, were $354.4 million and were used to repay bank indebtedness. Giving pro forma effect to our initial public offering and the application of the net proceeds therefrom, as of December 31, 1999, we had approximately $640 million of unused credit commitments under our subsidiary credit facilities.

We are regularly presented with opportunities to acquire cable systems that are evaluated on the basis of our acquisition strategy. As of March 15, 2000, we entered into four separate asset purchase agreements to acquire cable television systems serving approximately 19,000 basic subscribers for an aggregate purchase price of $29.4 million. We expect to close these four acquisitions in the second and third quarters of 2000, subject to the receipt of all necessary regulatory approvals. We also have signed one letter of intent to acquire cable systems serving approximately 9,000 basic subscribers for a purchase price of $16.0 million. We expect to complete the acquisition of these systems in the third quarter of 2000, subject to the negotiation of definitive documentation and the receipt of all necessary regulatory approvals.

Although we have not generated earnings sufficient to cover fixed charges, we have generated cash and obtained financing sufficient to meet our debt service, working capital, capital expenditure and acquisition requirements. We expect that we will continue to be able to generate funds and obtain financing sufficient to service our obligations and complete our pending acquisitions. There can be no assurance that we will be able to obtain sufficient financing, or, if we were able to do so, that the terms would be favorable to us.

RECENT PRONOUNCEMENTS

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

INFLATION AND CHANGING PRICES

Our 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 our results of operations.

YEAR 2000 COMPLIANCE

We have not experienced any problems with our computer systems or software products failing or malfunctioning because they were unable to distinguish 21st century dates from 20th century dates, which are generally known as Year 2000 problems. We are also not aware of any material Year 2000 problems with our suppliers or vendors.

During 1999, we performed Year 2000 testing on our existing hardware and software components and replaced all non-compliant components with new products which were Year 2000 compliant. As of December 31, 1999, we have not incurred material Year 2000 costs. Although no assurances can be given, we currently expect that the total projected costs associated with our Year 2000 program will be less than $350,000.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

In the normal course of business, we use interest rate swap agreements in order to fix interest rates under debt contracts for the duration of the contract as a hedge against interest rate volatility. As of December 31, 1999, we had interest rate exchange agreements with various banks pursuant to which the interest rate on $50.0 million is fixed at a weighted average swap rate of approximately 6.2%, plus the average applicable margin over the Eurodollar Rate option under our bank credit agreement. Under the terms of the interest rate exchange agreements, which expire from 2000 through 2002, we are exposed to credit loss in the event of nonperformance by the other parties to the interest rate exchange agreements. However, we do not anticipate nonperformance by the counterparties. We would have received approximately $504,000 at December 31, 1999 if the interest rate exchange agreements were terminated, inclusive of accrued interest. The table below provides information for our long term debt. See Note 9 to our consolidated financial statements.

	EXPECTED MATURITY (ALL DOLLAR AMOUNTS IN THOUSANDS)							
	2000	2001	2002	2003	2004	THEREAFTER	TOTAL	FAIR VALUE
Fixed rate	$ -	$ -	$ -	$ -	$ -	$ 200,000	$ 200,000	$ 186,000
Weighted average interest rate	8.5%	8.5%	8.5%	8.5%	8.5%	8.5%	8.5%	
Fixed rate	$ -	$ -	$ -	$ -	$ -	$ 125,000	$ 125,000	$ 110,000
Weighted average interest rate	7.9%	7.9%	7.9%	7.9%	7.9%	7.9%	7.9%	
Variable rate	$ -	$ -	$ 750	$2,000	$2,000	$809,250	$ 814,000	$ 814,000
Weighted average interest rate	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

MEDIACOM LLC AND SUBSIDIARIES

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MEDIACOM CAPITAL CORPORATION

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NOTE - An initial public offering by Mediacom Communications Corporation ("MCC"), a Delaware corporation, was completed on February 9, 2000. Immediately prior to the initial public offering, the membership units in Mediacom LLC were exchanged for shares of MCC's common stock. At that time, Mediacom LLC became MCC's wholly-owned subsidiary. Prior to such time, MCC had no assets, liabilities, contingent liabilities or operations. For further discussion, see Note 16 to Mediacom LLC's consolidated financial statements.

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To Mediacom LLC:

We have audited the accompanying consolidated balance sheets of Mediacom LLC (a New York limited liability company) and subsidiaries as of December 31, 1999 and 1998, and the related consolidated statements of operations, changes in redeemable members' equity and comprehensive loss and cash flows for the three years in the period ended December 31, 1999. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Mediacom LLC and its subsidiaries as of December 31, 1999 and 1998, and the results of their operations and their cash flows for the three years in the period ended December 31, 1999 in conformity with generally accepted accounting principles.

Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. Schedule II--Valuation and Qualifying Accounts is presented for purposes of complying with the Securities and Exchange Commissions rules and is not part of the basic consolidated financial statements. This schedule has been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and, in our opinion, fairly states in all material respects the financial data required to be set forth therein in relation to the basic consolidated financial statements taken as a whole.

ARTHUR ANDERSEN LLP

Stamford, Connecticut
February 25, 2000

MEDIACOM LLC AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
(ALL DOLLAR AMOUNTS IN 000'S)

	DECEMBER 31, 1999	DECEMBER 31, 1998
ASSETS		
Cash and cash equivalents	$ 4,473	$ 2,212
Subscriber accounts receivable, net of allowance for doubtful accounts of $772 and $298, respectively	5,194	2,512
Prepaid expenses and other assets	4,376	1,712
Investments	8,794	-
Investment in cable television systems:		
Inventory	12,384	8,240
Property, plant and equipment, at cost	700,696	314,627
Less--accumulated depreciation	(101,693)	(45,423)
Property, plant and equipment, net	599,003	269,204
Intangible assets, net of accumulated amortization of $56,171 and $26,307, respectively	588,103	150,928
Total investment in cable television systems	1,199,490	428,372
Other assets, net of accumulated amortization of $6,343 and $3,854, respectively	43,599	16,344
Total assets	$ 1,265,926	$ 451,152
LIABILITIES AND REDEEMABLE MEMBERS' EQUITY		
LIABILITIES		
Debt	$ 1,139,000	$ 337,905
Accounts payable and accrued expenses	56,310	30,891
Subscriber advances	3,188	1,510
Management fees payable	873	962
Deferred revenue	11,940	1,233
Total liabilities	1,211,311	372,501
COMMITMENTS AND CONTINGENCIES		
REDEEMABLE MEMBERS' EQUITY		
Capital contributions	142,096	124,990
Other redeemable members' equity	39,917	-
Accumulated comprehensive income	261	-
Accumulated deficit	(127,659)	(46,339)
Total redeemable members' equity	54,615	78,651
Total liabilities and redeemable members' equity	$ 1,265,926	$ 451,152

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

MEDIACOM LLC AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS
(ALL AMOUNTS IN 000'S, EXCEPT PER SHARE AMOUNTS)

	YEARS ENDED DECEMBER 31,		
	1999	1998	1997
Revenues	$ 176,052	$ 129,297	$ 17,634
Costs and expenses:			
Service costs	58,058	43,849	5,547
Selling, general and administrative expenses	32,949	25,596	2,696
Management fee expense	6,951	5,797	882
Depreciation and amortization	101,065	65,793	7,636
Non-cash stock charges	15,445	-	-
Operating income (loss)	(38,416)	(11,738)	873
Interest expense, net	37,817	23,994	4,829
Other expenses	5,087	4,058	640
Net loss	$ (81,320)	$ (39,790)	$ (4,596)
Basic and diluted loss per share	$ (4.11)	$ (5.28)	$ (3.66)
Weighted average common shares outstanding	19,797	7,538	1,255

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

MEDIACOM LLC AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN
REDEEMABLE MEMBERS' EQUITY AND COMPREHENSIVE LOSS
(ALL DOLLAR AMOUNTS IN 000'S)

	CAPITAL CONTRIBUTIONS	OTHER REDEEMABLE MEMBERS' EQUITY	ACCUMULATED COMPREHENSIVE LOSS	ACCUMULATED DEFICIT	TOTAL REDEEMABLE MEMBERS' EQUITY
Balance, December 31, 1996	$ 6,490	$ -	$ -	$ (1,953)	$ 4,537
Comprehensive loss:					
Net loss	-	-	-	(4,596)	
Comprehensive loss					(4,596)
Members' contributions	24,500	-	-	-	24,500
Balance, December 31, 1997	$ 30,990	-	-	$ (6,549)	$ 24,441
Comprehensive loss:					
Net loss	-	-	-	(39,790)	
Comprehensive loss					$ (39,790)
Members' contributions	94,000	-	-	-	94,000
Balance, December 31, 1998	$ 124,990	-	-	$ (46,339)	$ 78,651
Comprehensive loss:					
Net loss	-	-	-	(81,320)	
Unrealized gain on investments	-		261	-	
Comprehensive loss					$ (81,059)
Members' contributions	10,500	-	-	-	10,500
Non-cash contributions	6,606				6,606
Non-cash contribution for the reduction of management fees	-	25,100	-	-	25,100
Equity issued to management	-	27,016	-	-	27,016
Non-vested portion of equity granted to employees	-	(12,199)	-	-	(12,199)
Balance, December 31, 1999	$ 142,096	$ 39,917	$ 261	$ (127,659)	$ 54,615

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

MEDIACOM LLC AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(ALL DOLLAR AMOUNTS IN 000'S)

	YEARS ENDED DECEMBER 31,		
	1999	1998	1997
CASH FLOWS PROVIDED BY OPERATING ACTIVITIES:			
Net loss	$ (81,320)	$ (39,790)	$ (4,596)
Adjustments to reconcile net loss to net cash flows from operating activities:			
Accretion of interest on seller note	225	287	264
Depreciation and amortization	101,065	65,793	7,636
Other non-cash charges	21,909	-	-
Changes in assets and liabilities, net of effects from acquisitions:			
Subscriber accounts receivable	429	(1,437)	(351)
Prepaid expenses and other assets	(2,211)	329	(34)
Accounts payable and accrued expenses	13,120	26,665	3,520
Subscriber advances	480	852	498
Management fees payable	(89)	857	70
Deferred revenue	608	-	-
Net cash flows provided by operating activities	54,216	53,556	7,007
CASH FLOWS USED IN INVESTING ACTIVITIES:			
Capital expenditures	(86,669)	(53,721)	(4,699)
Acquisitions of cable television systems	(764,253)	(343,330)	(54,842)
Other, net	(626)	(34)	(467)
Net cash flows used in investing activities	(851,548)	(397,085)	(60,008)
CASH FLOWS PROVIDED BY FINANCING ACTIVITIES:			
New borrowings	995,700	488,200	72,225
Repayment of debt	(194,830)	(223,350)	(40,250)
Capital contributions	10,500	94,000	24,500
Financing costs	(11,777)	(14,136)	(2,843)
Net cash flows provided by financing activities	799,593	344,714	53,632
Net increase in cash and cash equivalents	2,261	1,185	631
CASH AND CASH EQUIVALENTS, beginning of year	2,212	1,027	396
CASH AND CASH EQUIVALENTS, end of year	$ 4,473	$ 2,212	$ 1,027
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:			
Cash paid during the year for interest	$ 28,639	$ 21,127	$ 4,485

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(1) THE LIMITED LIABILITY COMPANY:

ORGANIZATION

Mediacom LLC ("Mediacom" and collectively with its subsidiaries, the "Company"), a New York limited liability company, is involved in the acquisition and development of cable television systems serving principally non-metropolitan markets of the United States. Through these cable systems, the Company provides entertainment, information and telecommunications services to its subscribers. As of December 31, 1999, the Company had acquired and was operating cable television systems in 21 states, principally Alabama, California, Florida, Illinois, Indiana, Iowa, Kentucky, Minnesota, Missouri and North Carolina.

Mediacom was formed on July 17, 1995 and initially conducted its affairs pursuant to an operating agreement dated March 12, 1996 (the "1996 Operating Agreement"). On March 31 and June 16, 1997, the 1996 Operating Agreement was amended and restated upon the admission of new members and the contribution of equity to Mediacom (the "1997 Operating Agreement"). On January 20, 1998, the 1997 Operating Agreement was amended and restated upon the admission of additional members to Mediacom (the "1998 Operating Agreement"). On November 19, 1999, the 1998 Operating Agreement was amended and restated upon the contribution of additional equity to Mediacom (the "1999 Operating Agreement").

Mediacom Capital Corporation ("Mediacom Capital"), a New York corporation wholly-owned by Mediacom, was organized in March 1998 for the sole purpose of acting as co-issuer with Mediacom of $200.0 million aggregate principal amount of 8 1/2% Senior Notes due 2008 (the "8 1/2% Senior Notes"), which were issued on April 1, 1998. Mediacom Capital also acted as co-issuer with Mediacom of the $125.0 million aggregate principal amount of the 7 7/8% Senior Notes due 2011 (the "7 7/8% Senior Notes" and collectively with the 8 1/2% Senior Notes, the "Senior Notes"), which were issued on February 26, 1999. Mediacom Capital has nominal assets and does not conduct operations of its own. The Senior Notes are joint and several obligations of Mediacom and Mediacom Capital, although Mediacom received all the net proceeds of the Senior Notes.

CAPITALIZATION

Mediacom was initially capitalized on March 12, 1996, with equity contributions of approximately $5.4 million from Mediacom's members and $45,000 from Mediacom Management Corporation ("Mediacom Management"), a Delaware corporation. On June 28, 1996, Mediacom received additional equity contributions of $1.0 million from an existing member.

On June 22 and September 18, 1997, Mediacom received additional equity contributions of $19.5 million and $5.0 million respectively, from its members. On January 22, 1998, Mediacom received additional equity contributions of $94.0 million from its members. On November 3, 1999, Mediacom received additional equity contributions of $10.5 million from its members.

ALLOCATION OF LOSSES, PROFITS AND DISTRIBUTIONS

For 1997, pursuant to the 1997 Operating Agreement, net losses were allocated first to the Commisso Members (the "Primary Members"), as defined therein, including Rocco B. Commisso (the "Manager"), the current Chief Executive Officer of the Company, and the balance to the other members ratably in accordance with their respective membership units. For 1998, pursuant to the 1998 Operating Agreement, net losses were allocated first to the Primary Members; second, to the member owning the largest number of membership units in Mediacom; and third, to the members, other than the Primary Members, ratably in accordance with their respective positive capital account balances and membership units. For 1999, pursuant to the 1999 Operating Agreement, net losses were allocated first to the Primary Members, and the balance to the other members ratably in accordance with their respective membership units.

Pursuant to the 1997 Operating Agreement, profits were allocated first to the members to the extent of their deficit capital account; second, to the members to the extent of their preferred capital; third, to the members (including the Primary Members) until they received a 12% preferred return on their preferred capital (the "Preferred Return"); fourth, to the Primary Members until the Primary Members received an amount equal to 25% (the "Primary Member Return") of the amount of the Preferred Return to all members; the balance, 80% to the members (including the Primary Members) in proportion to their respective membership units and 20% to the Primary Members. The 1999 Operating Agreement provided that in the event of a carried interest conversion valuation (as defined therein): (i) the Primary Member Return would be reduced to 11.111% and (ii) profits in excess of the Preferred Return and the Primary Member Return would be allocated 90% to the members (including the Primary Members) and 10% to the Primary Members.

Distributions are made first to the members (including the Primary Members) in proportion to their respective membership units until they receive amounts equal to their preferred capital; second, to the members (including the Primary Members) in proportion to their percentage interests until all members receive the Preferred Return; third, to the Primary Members until the Primary Members receives 25% of the amount of the Preferred Return; the balance, 80% to the members (including the Primary Members) in proportion to their percentage interests and 20% to the Primary Members. The 1999 Operating Agreement amended the provisions governing distributions to members in a manner identical to the above amendments to the allocation of profits in the event of a carried interest conversion valuation.

REVALUATION

The 1999 Operating Agreement and previous operating agreements provided that upon the occurrence of certain events such as the admission of new members, new equity contributions or an initial public offering, the Executive Committee of Mediacom would make a determination of the aggregate equity value of Mediacom. Based on this determination, as required, Mediacom will issue additional membership interests to its members, each having a value upon issuance of $1,000.

The 1999 Operating Agreement and previous operating agreements also contain provisions relating to a special allocation of membership interests to the Primary Members at each revaluation event based on the formula for allocation of profits. In accordance with these provisions, the Primary Members was issued additional membership interests in Mediacom having a value upon issuance of $57.9 million and $3.7 million in 1999 and 1998, respectively. These special allocations are reflected as equity transactions among the members.

REDEMPTION RIGHTS

Except as set forth below, no member of Mediacom has the right to have its membership interests redeemed or its capital contributions returned prior to dissolution of Mediacom. Pursuant to the 1998 and 1999 Operating Agreements, each member had the right to require Mediacom to redeem its membership interests at any time if the holding of such interests exceeds the amount permitted, or was otherwise prohibited or becomes unduly burdensome, by any law to which such member was subject, or, in the case of any member which was a Small Business Investment Company as defined in and subject to regulation under the Small Business Investment Act of 1958, as amended, upon a change in the Company's principal business activities to an activity not eligible for investment by a Small Business Investment Company or a change in the reported use of proceeds of a member's investment in Mediacom. If Mediacom was unable to redeem for cash any or all of such membership interests at such time, Mediacom was required to issue as payment for such interests a junior subordinated promissory note with a five-year maturity date and deferred interest which accrued and compounded at an annual rate of 5% over the prime rate.

In addition, in connection with the Company's acquisition of the Cablevision Systems in January 1998 (See Note 4), the Federal Communications Commission (the "FCC") issued a transactional forbearance from its cross-ownership restrictions, effective for a period of one year, permitting a certain existing member (the "Transactional Member") to purchase additional units of membership interests in Mediacom. This temporary waiver was originally set to expire in January 1999; in January 1999, the FCC granted an extension of such waiver to July 1999 and further extended the

waiver to January 23, 2000. As of December 1999, the Transactional Member was in compliance with the cross-ownership restrictions.

DURATION AND DISSOLUTION

Mediacom will be dissolved upon the first to occur of the following: (i) December 31, 2020; (ii) certain events of bankruptcy involving the Manager, as defined in the 1999 Operating Agreement, or the occurrence of any other event terminating the continued membership of the Manager, unless within one hundred eighty days after such event the Company is continued by the vote or written consent of no less than two-thirds of the remaining membership interests; or (iii) the entry of a decree of judicial dissolution.

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements include the accounts of Mediacom and its subsidiaries. All significant intercompany transactions and balances have been eliminated. The preparation of the consolidated financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

REVENUE RECOGNITION

Revenues include subscriber service revenues and charges for installations and connections. Revenues are recognized in the period in which the related services are provided to the Company's customers. Other revenues are recognized as services are provided. Revenues obtained from the connection and installation of customers are recognized as revenue to the extent of direct selling costs incurred. The balance, if any, is deferred and amortized to income over the estimated average period that customers are expected to remain connected to the systems.

CASH AND CASH EQUIVALENTS

The Company considers all highly liquid investments with original maturities of three months or less to be cash equivalents.

CONCENTRATION OF CREDIT RISK

The Company's accounts receivable is comprised of amounts due from subscribers in varying regions throughout the United States. Concentration of credit risk with respect to these receivables is limited due to the large number of customers comprising the Company's customer base and their geographic dispersion.

INVESTMENTS

Investments consist of equity securities. Management classifies these securities as available-for-sale securities under the provisions defined in the Statement of Financial Accounting Standards No. 115, "Accounting for Certain Investments in Debt and Equity Securities."

Management determines the appropriate classification of its investments at the time of purchase and reevaluates such determination at each balance sheet date. Available-for-sale securities are carried at market value, with the unrealized gains and losses reported as a component of accumulated comprehensive income. The cost of investments sold is determined on the first-in, first-out method.

INVENTORY

Inventory consists primarily of fiber-optic cable, coaxial cable, electronics, hardware and miscellaneous tools and are stated at the lower of cost or market. Cost is determined using the average cost method.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment is recorded at purchased and capitalized cost. Repairs and maintenance are charged to operations, and replacements, renewals and additions are capitalized. The Company capitalized a portion of salaries and other direct costs related to the installation of property, plant and equipment of approximately $11.0 million and $6.5 million in 1999 and 1998, respectively.

The Company capitalizes interest on funds borrowed for projects under construction. Such interest is charged to property, plant and equipment and amortized over the approximate life of the related assets. Capitalized interest was approximately $1.8 million and $1.0 million in 1999 and 1998, respectively.

Depreciation is calculated on a straight-line basis over the following useful lives:

Buildings..	45 years
Leasehold improvements.............................	Life of respective lease
Cable systems and equipment........................	5 to 10 years
Subscriber devices.................................	5 years
Vehicles...	5 years
Furniture, fixtures and office equipment...........	5 to 10 years

INTANGIBLE ASSETS

Intangible assets include franchising costs, goodwill, subscriber lists and covenants not to compete. Amortization of intangible assets is calculated on a straight-line basis over the following lives:

Franchising costs.................................	15 years
Goodwill	15 years
Subscriber lists..................................	5 years
Covenants not to compete..........................	3 to 7 years

IMPAIRMENT OF LONG-LIVED ASSETS

The Company follows the provisions of Statement of Financial Accounting Standards No. 121 ("SFAS 121"), "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed of ". SFAS 121 requires that long-lived assets and certain identifiable intangibles to be held and used by any entity be reviewed for impairment at each year end and whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. There has been no impairment of long-lived assets of the Company under SFAS 121.

OTHER ASSETS

Other assets include financing costs of approximately $18.7 million and $16.3 million and non-cash stock expense of approximately $24.5 million and $0 as of December 31, 1999 and 1998, respectively. Financing costs incurred to raise debt and equity capital are deferred and amortized on a straight-line basis over the expected term of such financings. Non-cash stock expense relating to the reduction of management fees payable by the Company to Mediacom Management is deferred and amortized over the expected term of the underlying management agreements. (See Note 10).

COMPREHENSIVE LOSS

For the year ended December 31, 1999, the Company adopted Statement of Financial Accounting Standards No. 130 ("SFAS 130"), "Reporting Comprehensive Income," which establishes standards for reporting and displaying comprehensive income and its components in the consolidated financial statements. The accounts for unrealized gains on investments are recorded as a component of accumulated comprehensive income.

RECLASSIFICATIONS

Certain reclassifications have been made to prior year's amounts to conform to the current year's presentation.

(3) LOSS PER SHARE

The Company calculates loss per share in accordance with Statement 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 period plus the effects of any potentially dilutive securities. The Company does not have any additional securities outstanding that would have a dilutive effect on the weighted average common shares outstanding.

The following table summarizes the Company's calculation of basic and diluted loss per share for the years ended December 31, 1999, 1998 and 1997:

	1999	1998	1997
	(IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)		
Net loss	$(81,320)	$(39,790)	$(4,596)
Basic and diluted loss per share	$ (4.11)	$ (5.28)	$ (3.66)
Weighted average common shares outstanding	19,797	7,538	1,255

The weighted average shares outstanding is computed based on the conversion ratio used to exchange Mediacom's membership units for shares of MCC's common stock upon MCC's initial public offering (See Note 16).

(4) ACQUISITIONS:

The Company has completed the undernoted acquisitions (the "Acquired Systems") in 1999 and 1998. These acquisitions were accounted for using the purchase method of accounting, and accordingly, the purchase price of these Acquired Systems have been allocated to the assets acquired and liabilities assumed at their estimated fair values at their respective date of acquisition. The results of operations of the Acquired Systems have been included with those of the Company since the dates of acquisition.

1999

On October 15, 1999, the Company acquired the stock of Zylstra Communications Corporation (the "Zylstra Systems"), for a purchase price of approximately $19.5 million. Zylstra owned and operated cable television systems serving approximately 14,000 subscribers in Iowa, Minnesota and South Dakota. The purchase price has been preliminarily allocated as follows: $7.8 million to property, plant and equipment, and $11.7 million to intangible assets. Such allocations are subject to adjustments based upon the final appraisal information received by the Company. The final allocations of the purchase price are not expected to differ materially from the preliminary allocations. Additionally, approximately $400,000 of direct acquisition costs has been allocated to property, plant and equipment and intangible assets. In the fourth quarter of 1999, the Company recorded acquisition reserves related to this acquisition in the amount of approximately $200,000, which are included in accrued expenses. The Zylstra acquisition was financed with borrowings under the Mediacom USA Credit Agreement. (See Note 9).

On November 5, 1999, the Company acquired the assets of cable television systems owned by Triax Midwest Associates, L.P. (the "Triax Systems"), for a purchase price of approximately $740.1 million. The Triax systems served approximately 344,000 subscribers primarily in Illinois, Indiana, and Minnesota. The purchase price has been preliminarily allocated as follows: $296.0 million to property, plant and equipment, and $444.1 million to intangible assets. Such allocations are subject to adjustments based upon the final appraisal information received by the Company. The final allocations of the purchase price are not expected to differ materially from the preliminary allocations. Additionally, approximately $10.5 million of direct acquisition costs has been allocated to property, plant and equipment, intangible assets and other assets. In the fourth quarter of 1999, the Company recorded acquisition reserves related to this acquisition in the amount of approximately $5.5 million, which are included in accrued expenses. The Triax acquisition was financed with $10.5 million of additional equity contributions from the Mediacom's members and borrowings under the Mediacom Midwest Credit Agreement. (See Notes 1 and 9).

1998

On January 9, 1998, the Company acquired the assets of a cable television system serving approximately 17,200 basic subscribers in Clearlake, California and surrounding communities (the "Clearlake System"), for a purchase price of $21.4 million. The purchase price has been allocated based on an independent appraisal as follows: approximately $6.0 million to property, plant and equipment, and approximately $15.4 million to intangible assets. Additionally, approximately $200,000 of direct acquisition costs has been allocated to other assets. The acquisition of the Clearlake System and related closing costs and adjustments were financed with borrowings under the Company's bank credit facilities. (See Note 9).

On January 23, 1998, the Company acquired the assets of cable television systems serving approximately 260,100 basic subscribers in various regions of the United States (the "Cablevision Systems"), for a purchase price of approximately $308.2 million. The purchase price has been allocated based on an independent appraisal as follows: approximately $205.5 million to property, plant and equipment, and approximately $102.7 million to intangible assets. Additionally, approximately $3.5 million of direct acquisition costs has been allocated to other assets. The acquisition of the Cablevision Systems and related closing costs and adjustments were financed with $94.0 million of equity contributions and the remainder with borrowings under the Company's bank credit facilities. (See Notes 1 and 9).

On October 1, 1998, the Company acquired the assets of a cable television system serving approximately 3,800 basic subscribers in Caruthersville, Missouri (the "Caruthersville System") for a purchase price of $5.0 million. The purchase price has been allocated as follows: approximately $2.3 million to property, plant and equipment, and approximately $2.7 million to intangible assets. The acquisition of the Caruthersville System and related closing costs and adjustments were financed with borrowings under the Company's bank credit facilities. (See Note 9).

(5) PRO FORMA RESULTS:

Summarized below are the pro forma unaudited results of operations for the years ended December 31, 1999 and 1998, assuming the purchase of the Acquired Systems had been consummated as of January 1, 1998. Adjustments have been made to: (i) depreciation and amortization reflecting the fair value of the assets acquired; and (ii) interest expense reflecting the debt incurred to finance the acquisitions. The pro forma results may not be indicative of the results that would have occurred if the acqusitions had been completed on the date indicated or which may be obtained in the future.

	1999	1998
	(IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)	
Revenues	$ 297,313	$ 272,258
Operating loss	(72,472)	(55,406)
Net loss	(165,617)	(148,523)
Basic and diluted loss per share	$ (8.37)	$ (19.70)
Weighted average common shares outstanding	19,797	7,538

(6) RECENT ACCOUNTING PRONOUNCEMENTS:

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

(7) PROPERTY, PLANT AND EQUIPMENT:

As of December 31, 1999 and 1998, property, plant and equipment consisted of:

	1999	1998
	(DOLLARS IN THOUSANDS)	
Land and land improvements	$ 414	$ 341
Buildings and leasehold improvements	6,171	5,731
Cable systems, equipment and subscriber devices	682,305	300,051
Vehicles	7,211	5,051
Furniture, fixtures and office equipment	4,595	3,453
	$ 700,696	$ 314,627
Accumulated depreciation	(101,693)	(45,423)
	$ 599,003	$ 269,204

The property, plant and equipment allocations as of December 31, 1999 reflect the preliminary allocations for the Triax and Zylstra systems. Such allocations are subject to adjustments based upon final appraisal information received by the Company. Depreciation expense for the years ended December 31, 1999, 1998 and 1997 was approximately $59.2 million, $39.7 million and $4.7 million, respectively.

(8) INTANGIBLE ASSETS:

The following table summarizes the net asset value for each intangible asset category as of December 31, 1999 and 1998 (dollars in thousands):

1999	GROSS ASSET VALUE	ACCUMULATED AMORTIZATION	NET ASSET VALUE
Franchising costs	$ 539,221	$ 18,174	$ 521,047
Goodwill	8,447	1,163	7,284
Subscriber lists	91,746	34,552	57,194
Covenants not to compete	4,860	2,282	2,578
	$ 644,274	$ 56,171	$ 588,103

1998	GROSS ASSET VALUE	ACCUMULATED AMORTIZATION	NET ASSET VALUE
Franchising costs	$ 87,509	$ 7,983	$ 79,526
Goodwill	8,400	1,313	7,087
Subscriber list	76,484	15,701	60,783
Covenants not to compete	4,842	1,310	3,532
	$ 177,235	$ 26,307	$ 150,928

The intangible assets allocations as of December 31, 1999 reflect the preliminary allocations for the Triax and Zylstra systems. Such allocations are subject to adjustments based upon final appraisal information received by the Company. Amortization expense for the years ended December 31, 1999, 1998 and 1997 was approximately $41.9 million, $26.1 million and $2.9 million, respectively.

(9) DEBT:

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

	1999	1998
	(DOLLARS IN THOUSANDS)	
Mediacom:		
8 1/2% Senior Notes(a)	$ 200,000	$ 200,000
7 7/8% Senior Notes(b)	125,000	-
Subsidiaries:		
Bank Credit Facilities(c)	814,000	134,425
Seller Note(d)	-	3,480
	$1,139,000	$ 337,905

(a) On April 1, 1998, Mediacom and Mediacom Capital jointly issued $200.0 million aggregate principal amount of 8 1/2% Senior Notes due on April 15, 2008. The 8 1/2% Senior Notes are unsecured obligations of the Company, and the indenture for the 8 1/2% Senior Notes stipulates, among other things, restrictions on incurrence of indebtedness, distributions, mergers and asset sales and has cross-default provisions related to other debt of the Company. Interest accrues at 8 1/2% per annum, beginning from the date of issuance and is payable semi-annually on April 15 and October 15 of each year. The 8 1/2% Senior Notes may be redeemed at the option of Mediacom, in whole or part, at any time after April 15, 2003, at redemption prices decreasing from 104.25% of their principal amount to 100% in 2006, plus accrued and unpaid interest.

(b) OnFebruary 26, 1999, Mediacom and Mediacom Capital jointly issued $125.0 million aggregate principal amount of 7 7/8% Senior Notes due on February 15, 2011. The 7 7/8% Senior Notes are unsecured obligations of the Company, and the indenture for the 7 7/8% Senior Notes stipulates, among other things, restrictions on incurrence of indebtedness, distributions, mergers and asset sales and has cross-default provisions related to other debt of the Company. Interest accrues at 7 7/8% per annum, beginning from the date of issuance and is payable semi-annually on February 15 and August 15 of each year, commencing on August 15, 1999. The 7 7/8% Senior Notes may be redeemed at the option of Mediacom, in whole or part, at any time after February 15, 2006, at redemption prices decreasing from 103.938% of their principal amount to 100% in 2008, plus accrued and unpaid interest.

(c) On June 24, 1997, the Company entered into an eight and one-half year $100.0 million reducing revolver and term loan agreement (the "Western Credit Agreement"). On January 23, 1998, the Company entered into a separate eight and one-half year $225.0 million reducing revolver and term loan agreement (the "Southeast Credit Agreement" and together with the Western Credit Agreement, the "Former Bank Credit Agreements"). By separate amendments dated as of January 26, 1999 to each of the Former Bank Credit Agreements, the term loans were converted into additional revolving credit loans.

On September 30, 1999, the Company replaced the Former Bank Credit Agreements with $550.0 million of credit facilities, consisting of a $450.0 million reducing revolving credit facility and a $100.0 million term loan (the "Mediacom USA Credit Agreement"). The revolving credit facility expires on March 31, 2008, subject to earlier expiration on June 30, 2007 if Mediacom does not refinance the 8 1/2% Senior Notes by March 31, 2007. The term loan is due and payable on September 30, 2008, and is subject to repayment on September 30, 2007 if Mediacom does not refinance the 8 1/2% Senior Notes by March 31, 2007. The reducing revolving credit facility makes available a maximum commitment amount for a period of up to eight and one-half years, which is subject to quarterly reductions, beginning September 30, 2002, ranging from 1.25% to 17.50% of the original commitment amount of the reducing revolver. The Mediacom USA Credit Agreement requires mandatory reductions of the reducing revolver facility from excess cash flow, as defined therein, beginning December 31, 2002. The Mediacom USA Credit Agreement provides for interest at

varying rates based upon various borrowing options and the attainment of certain financial ratios, and for commitment fees of 1/4% to 3/8% per annum on the unused portion of available credit under the reducing revolver credit facility.

On November 5, 1999, the Company entered into a separate credit facility consisting of a $450.0 million reducing revolving credit facility and a $100.0 million term loan (the "Mediacom Midwest Credit Agreement", together with the Mediacom USA Credit Agreement, the "Bank Credit Agreements"). The revolving credit facility expires on June 30, 2008, subject to earlier expiration on September 30, 2007 if Mediacom does not refinance the 8 1/2% Senior Notes by March 31, 2007. The term loan is due and payable on December 31, 2008, and is subject to repayment on December 31, 2007 if Mediacom does not refinance the 8 1/2% Senior Notes by March 31, 2007. The reducing revolving credit facility makes available a maximum commitment amount for a period of up to eight and one-half years, which is subject to quarterly reductions, beginning September 30, 2002, ranging from 1.25% to 8.75% of the original commitment amount of the reducing revolver. The Mediacom Midwest Credit Agreement requires mandatory reductions of the reducing revolver facility from excess cash flow, as defined therein, beginning December 31, 2002. The Midwest Credit Agreement provides for interest at varying rates based upon various borrowing options and the attainment of certain financial ratios, and for commitment fees of 1/4% to 3/8% per annum on the unused portion of available credit under the reducing revolver credit facility. The average interest rate on outstanding debt under the Bank Credit Agreements was 8.0%, 6.9% and 8.3% for the three months ended December 31, 1999, 1998 and 1997, respectively, before giving effect to the interest rate swap agreements discussed below.

The Bank Credit Agreements require the Company to maintain compliance with certain financial covenants including, but not limited to, leverage, interest coverage and a pro forma debt service coverage ratios, as defined therein. The Bank Credit Agreements also require the Company to maintain compliance with other covenants including, but not limited to, limitations on mergers and acquisitions, consolidations and sales of certain assets, liens, the incurrence of additional indebtedness, certain restrictive payments, and certain transactions with affiliates. The Company was in compliance with all covenants of the Bank Credit Agreements as of December 31, 1999.

The Bank Credit Agreements are secured by Mediacom's pledge of all its ownership interests in its operating subsidiaries and is guaranteed by Mediacom on a limited recourse basis to the extent of such ownership interests. At December 31, 1999, the Company had approximately $285.6 million of unused bank commitments under the Bank Credit Agreements.

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 December 31, 1999, the Company had entered into interest rate exchange agreements (the "Swaps") with various banks pursuant to which the interest rate on $50.0 million is fixed at a weighted average swap rate of approximately 6.2%, plus the average applicable margin over the Eurodollar Rate option under the Bank Credit Agreements. Under the terms of the Swaps, which expire from 2000 through 2002, the Company is exposed to credit loss in the event of nonperformance by the other parties to the Swaps. However, the Company does not anticipate nonperformance by the counterparties.

(d) In connection with an acquisition completed in 1996, certain subsidiaries of Mediacom issued to the seller an unsecured senior subordinated note (the "Seller Note") in the amount of $2.8 million, with a final maturity of June 28, 2006. Interest is deferred throughout the term of the Seller Note and is payable at maturity or upon prepayment. The Seller Note, together with accrued interest, was repaid on September 24, 1999 with no penalties associated with such prepayment.

The fair value of the Company's debt is estimated based on the current rates offered to the Company for debt of the same remaining maturities. The fair value of the senior bank debt approximates the carrying value. The fair value at December 31, 1999 of the 8 1/2% Senior Notes and the 7 7/8% Senior Notes was approximately $186.0 million and $110.0 million, respectively.

The fair value of the Swaps is the estimated amount that the Company would receive or pay to terminate the Swaps, taking into account current interest rates and the current creditworthiness of the Swap counterparties. At December 31, 1999, the Company would have received approximately $504,000 if the Swaps were terminated, inclusive of accrued interest.

The stated maturities of all debt outstanding as of December 31, 1999 are as follows (dollars in thousands):

2000	$ -
2001	-
2002	750
2003	2,000
2004	2,000
Thereafter	1,134,250
	$ 1,139,000

(10) RELATED PARTY TRANSACTIONS:

Separate management agreements with each of Mediacom's operating subsidiaries provided for Mediacom Management to be paid compensation for management services performed for the Company. Until November 19, 1999, under such agreements, Mediacom Management, which is wholly-owned by the Manager, was entitled to receive annual management fees calculated as follows: (i) 5.0% of the first $50.0 million of annual gross operating revenues of the Company; (ii) 4.5% of such revenues in excess thereof up to $75.0 million; and (iii) 4.0% of such revenues in excess of $75.0 million. The management agreements with Mediacom Management were amended effective November 19, 1999 in connection with an amendment to Mediacom's operating agreement to provide annual management fees equal to 2.0% of annual gross revenues. In connection with this amendment to Mediacom's operating agreement, Mediacom Management also agreed to waive all management fees incurred from July 1, 1999 through November 19, 1999 by Mediacom's operating subsidiaries in the amount of approximately $2.8 million. This waived amount is included in capital contributions in the consolidated balance sheets. The Company incurred management fees of approximately $7.0 million, $5.8 million and $882,000 for the years ended December 31, 1999, 1998 and 1997, respectively. The management fees incurred in 1999 include the $2.8 million waived during such period.

During the fourth quarter of fiscal 1999, the Company recorded a deferred non-cash stock expense of $25.1 million relating to amendments to the management agreements with Mediacom Management for which additional membership units of Mediacom were issued to the Manager. This deferred expense represents the future benefit of reduced management fees. In the fourth quarter of fiscal 1999, the Company recorded a non-cash stock charge of approximately $628,000 in its consolidated statements of operations. The balance of approximately $24.5 million is included in other assets in the consolidated balance sheets and will be amortized over the expected term of the original management agreements.

The operating agreement of Mediacom provides for Mediacom Management to be paid a fee of 1.0% of the purchase price of acquisitions made by the Company until the Company's pro forma consolidated annual operating revenues equal $75.0 million and 0.5% of such purchase price thereafter. In connection with an amendment to Mediacom's operating agreement effective November 19, 1999, Mediacom Management agreed to waive the acquisition fees of $3.8 million related to the acquisitions of Triax and Zylstra systems and that no future acquisition

fees are payable. The Company incurred acquisition fees of approximately $3.8 million, $3.3 million and $544,000 for the years ended December 31, 1999, 1998 and 1997, respectively. The acquisition fees incurred in 1999 represent the amount waived during such period. The acquisition fees are included in other expenses in the consolidated statement of operations.

The operating agreement of Mediacom also provides for the reimbursement of reasonable out-of-pocket expenses of Mediacom Management incurred in connection with the operation of the business of the Company and acting for or on behalf of the Company in connection with any potential acquisitions. The Company reimbursed Mediacom Management approximately $0, $53,000 and $59,000 for the years ended December 31, 1999, 1998 and 1997, respectively.

The Manager is sole owner of Mediacom Management and has substantial control over the operations of the Company. The Manager has the authority to appoint 3 of the 5 members of Mediacom's Executive Committee. As indicated above, the Company incurs fees and expenses from Mediacom Management which is controlled by the Manager.

Chase Manhattan Capital, LLC and CB Capital Investors, LLC were members of Mediacom as of December 31, 1999 and are parties related to Chase Securities Inc. and The Chase Manhattan Bank (collectively, "Chase"). Chase acted in various capacities on behalf of the Company, such as the initial purchaser of the Senior Notes, advisor in connection with the Company's acquisitions of the Cablevision Systems and the Triax Systems, placement agent of Mediacom's membership units, and administrative agent for the Company's bank credit facilities. Chase received fees in the aggregate amount of approximately $7.1 million and $10.8 million in 1999 and 1998, respectively, in connection with these activities.

(11) EMPLOYEE BENEFIT PLANS:

Substantially all employees of the Company are eligible to participate in a deferred arrangement pursuant to the Internal Revenue Code Section 401(k) (the "Plan"). Under such arrangement, eligible employees may contribute up to 15% of their current pre-tax compensation to the Plan. The Plan permits, but does not require, matching contributions and non-matching (profit sharing) contributions to be made by the Company up to a maximum dollar amount or maximum percentage of participant contributions, as determined annually by the Company. The Company presently matches 50% on the first 6% of employee contributions. The Company's contributions under the Plan totaled approximately $302,000, $264,000 and $14,000 for the years ended December 31, 1999, 1998 and 1997, respectively.

(12) COMMITMENTS AND CONTINGENCIES:

Under various lease and rental agreements for offices, warehouses and computer terminals, the Company had rental expense of approximately $1.3 million, $588,000 and $22,000 for the years ended December 31, 1999, 1998 and 1997, respectively. Future minimum annual rental payments are as follows (dollars in thousands):

2000	$ 1,220
2001	813
2002	638
2003	403
2004	309

In addition, the Company rents utility poles in its operations generally under short-term arrangements, but the Company expects these arrangements to recur. Total rental expense for utility poles was approximately $1.8 million, $1.7 million and $102,000 for the years ended December 31, 1999, 1998 and 1997, respectively.

As of December 31, 1999, approximately $421,000 of letters of credit were issued in favor of various parties to secure the Company's performance relating to franchise requirements and pole rentals. As of March 15, 2000, additional letters of credit totaling approximately $1.7 million were issued in favor of various parties relating to insurance requirements, pending acquisitions and other franchise requirements.

LEGAL PROCEEDINGS

On January 19, 2000, Grey Advertising Inc. and Mediacom Inc., a wholly-owned subsidiary of Grey, filed an action against MCC in the United States District Court for the Southern District of New York asserting trademark infringement, among other claims. The complaint alleges that Grey owns a federally registered trademark for "Mediacom" and that MCC's use of this name constitutes trademark infringement. Grey is seeking a permanent injunction to prohibit MCC from using the Mediacom name in the conduct of MCC's business together with unspecified monetary damages. MCC has denied the substantive allegations of the complaint and is defending the action. If Mediacom Communications Corporation is found to have infringed the proprietary rights of Grey with respect to its use of the "Mediacom" mark or variations thereof, Mediacom Communications Corporation could be enjoined from using the "Mediacom" mark in connection with its business and be required to pay material monetary damages. The Company is subject to legal proceedings and claims which arise in the ordinary course of its business. In the opinion of management, the amount of ultimate liability with respect to these actions will not materially affect the financial position, results of operations or liquidity of the Company.

There are no other material pending legal proceedings to which the Company is a party or to which any of our properties are subject.

REGULATION IN THE CABLE TELEVISION INDUSTRY

The cable television industry is subject to extensive regulation by federal, local and, in some instances, state government agencies. The Cable Television Consumer Protection and Competition Act of 1992 and the Cable Communication Policy Act of 1984 (collectively, the "Cable Acts"), both of which amended the Communications Act of 1934 (as amended, the "Communications Act"), established a national policy to guide the development and regulation of cable television systems. The Communications Act was amended by the Telecommunications Act of 1996 (the "1996 Telecom Act"). Principal responsibility for implementing the policies of the Cable Acts and the 1996 Telecom Act has been allocated between the FCC and state or local regulatory authorities.

FEDERAL LAW AND REGULATION

The Cable Acts and the FCC's rules implementing such acts generally have increased the administrative and operational expenses of cable television systems and have resulted in additional regulatory oversight by the FCC and local or state franchise authorities. The Cable Acts and the corresponding FCC regulations have established, among other things: (i) rate regulations; (ii) mandatory carriage and retransmission consent requirements that require a cable television system under certain circumstances to carry a local broadcast station or to obtain consent to carry a local or distant broadcast station; (iii) rules for franchise renewals and transfers; and (iv) other requirements covering a variety of operational areas such as equal employment opportunity, technical standards and customer service requirements.

The 1996 Telecom Act deregulates rates for cable programming services tiers ("CPST") on March 31, 1999 and, for certain small cable operators, immediately eliminates rate regulation of CPST, and, in certain limited circumstances, basic services. The FCC is currently developing permanent regulations to implement the rate deregulation provisions of the 1996 Telecom Act. The Company is currently unable to predict the ultimate effect of the Cable Acts or the 1996 Telecom Act on its financial statements.

The FCC and Congress continue to be concerned that rates for regulated programming services are rising at a rate exceeding inflation. It is therefore possible that the FCC will further restrict the ability of cable television operators to implement rate increases and/or Congress will enact legislation to effect the same outcome.

STATE AND LOCAL REGULATION

Cable television systems generally operate pursuant to non-exclusive franchises, permits or licenses granted by a municipality or other state or local governmental entity. The terms and conditions of franchises vary materially from jurisdiction to jurisdiction. A number of states subject cable television systems to the jurisdiction of centralized state government agencies. To date, other than Delaware, no state in which the Company currently operates has enacted state level regulation. The Company cannot predict whether any of the states in which currently operates will engage in such regulation in the future.

(13) FASB 131--DISCLOSURE ABOUT SEGMENTS OF AN ENTERPRISE AND RELATED INFORMATION:

During the fourth quarter of fiscal year 1998, the Company adopted Statement of Financial Accounting Standards ("SFAS 131"), "Disclosure about Segments of an Enterprise and Related Information". This statement requires the Company to report segment financial information consistent with the presentations made to the Company's management for decision-making purposes. All revenues of the Company are derived solely from cable television operations and related activities. When allocating capital and operational resources to the cable television systems, the Company's management evaluates such factors as the bandwidth capacity and other cable plant characteristics, the offered programming services, and the rate structure. The decision making of the Company's management is based primarily on the impact of such resource allocations on the Company's consolidated system cash flow (defined as operating income before management fee expense, depreciation and amortization and non-cash stock charges). For the years ended 1999, 1998 and 1997, the Company's consolidated system cash flow was approximately $85.0 million, $59.9 million and $9.4 million, respectively.

(14) INVESTMENTS

On November 4, 1999, the Company completed an agreement with SoftNet Systems, Inc. ("SoftNet") a high-speed broadband Internet access and content services company, to deploy SoftNet's high-speed Internet access services throughout the Company's cable television systems. In addition to a revenue sharing arrangement with SoftNet, the Company received 3.5 million shares of SoftNet's common stock, representing a fair value of approximately $87.9 million as of December 31, 1999, in exchange for SoftNet's long-term rights to deliver high-speed Internet access services to the Company's customers. Under the terms of this agreement, over a period of three years the Company is required to upgrade its cable network to provide two-way communications capability in cable systems passing 900,000 homes and make available such homes to SoftNet. Of the issued shares, 90% are subject to forfeiture in the event the Company does not perform subject to the schedule set forth in this agreement calling for the delivery by the Company of two-way capable homes.

As of December 31, 1999, the Company received 3.5 million shares of SoftNet's common stock of which ten percent or 350,000 shares were vested and non-forfeitable upon the date of receipt. The Company will record the value of these vested and non-forfeitable shares of approximately $8.5 million as revenues over the term of the agreement. As the Company delivers the required number of two-way capable homes pursuant to its agreement with SoftNet, an increasing number of the shares of SoftNet's common stock will become vested and non-forfeitable. The Company will recognize the remaining 3,150,000 shares of SoftNet's common stock as revenues over the term of this agreement. During the fourth quarter, the Company recorded approximately $142,000 as revenues relating to the SoftNet common stock.

(15) EMPLOYMENT ARRANGEMENTS

During the fourth quarter of fiscal 1999, the Company recorded a deferred non-cash stock expense of approximately $27.0 million relating to the grant of membership units of Mediacom to certain members of management for past and future services. These units will vest over five years and are subject to forfeiture penalties during the three year period between the date the membership units become vested and the date the employee leaves Mediacom. Forfeited units will revert to the Manager. During the fourth quarter of fiscal 1999, Mediacom recorded a non-cash stock charge of approximately $14.8 million in its consolidated statements of operations, relating to the vested and non-forfeitable membership units. The balance of approximately $12.2 million, relating to the non-vested and forfeitable membership units, was recorded as other redeemable members' equity in the consolidated balance sheets and will be amortized as a non-cash stock expense over a period of five to eight years.

(16) RECENT EVENTS

INITIAL PUBLIC OFFERING

On February 9, 2000, MCC, completed an initial public offering ("IPO") of 20,000,000 shares of Class A common stock at $19.00 per share. The net proceeds, after underwriting discounts of approximately $22.8 million and estimated expenses related to the offering of approximately $2.8 million, were $354.4 million and were used to repay bank indebtedness. Immediately prior to the completion of the IPO, MCC issued 40,657,010 shares of Class A common stock and 29,342,990 shares of Class B common stock in exchange for all the outstanding membership interests of Mediacom, which serves as the holding company for the operating subsidiaries. As a result, MCC became the parent company of Mediacom, which continues to serve as the holding company of its subsidiaries. On February 9, 2000, Mediacom's 1999 Operating Agreement was amended to reflect MCC as the sole member and manager of Mediacom.

Immediately prior to the IPO, additional membership interests were issued to all members of Mediacom in accordance with a formula set forth in Mediacom's 1999 Operating Agreement which was based upon a valuation of Mediacom established at the time of the IPO. A provision in the 1999 Operating Agreement eliminated a certain portion of the special allocation of membership interests awarded to the Primary Members based upon valuations of Mediacom performed from time to time. In connection with the removal of these specified special allocation provisions and the amendments to Mediacom's management agreements with Mediacom Management effective November 19, 1999, the Primary Members were issued new membership interests at the time of the IPO representing 16.5% of the equity in Mediacom in accordance with a formula based upon the valuation established immediately prior to the IPO. These newly issued membership interests were exchanged for shares of MCC's common stock in the IPO.

In addition, the Primary Members received options to purchase 7.2 million shares of MCC's common stock in exchange for the elimination of the balance of the provision providing for a special allocation of membership interests. These options are for a term of five years and are exercisable, commencing six months after the completion of the IPO, at a price equal to the initial public offering price of $19.00. With the exception of such options held by the Manager to purchase approximately 6,900,000 shares of common stock, such options: (i) vest over five years which vesting period is deemed to have commenced for these certain members on various dates prior to the IPO; and (ii) are subject to forfeiture penalties during the three year period between the date the options become vested and the date the employee leaves Mediacom.

The management agreements between Mediacom Management and each of the operating subsidiaries were terminated upon completion of the IPO, and Mediacom Management's employees became MCC's employees and its corporate overhead became MCC's corporate overhead. These expenses will be reflected as a corporate expense in the consolidated statement of operations. As a result of the completion of the IPO and the termination of these management agreements, the deferred non-cash stock expense of $24.5 million relating to the future

benefit of reduced management fees, will be recorded as a non-cash stock charge in the consolidated statements of operations in the first quarter of fiscal 2000. (See Note 10).

As of December 20, 1999, the Board of Directors of MCC adopted a stock option plan for officers, directors and key employees. On February 3, 2000, options for an aggregate of 2.8 million shares of Class A and Class B common stock were granted to employees at an exercise price equal to the initial public offering price of $19.00. Such options have a term of ten years and vest in equal annual installments over five years. Vesting is contingent on continuous employment. Options that do not vest will be forfeited.

As of December 20, 1999, the Board of Directors of MCC adopted the 1999 employee stock purchase plan. The employee stock purchase plan is intended to qualify under Section 423 of the Internal Revenue Code of 1986, as amended. MCC reserved 1,000,000 shares of its Class A common stock for issuance under the plan.

On February 4, 2000, MCC granted to each of Craig S. Mitchell and Robert L. Winikoff options to purchase 30,000 shares of Class A common stock, and also granted to each of William S. Morris III, Thomas V. Reifenheiser and Natale S. Ricciardi options to purchase 20,000 shares of Class A common stock at an exercise price equal to the public offering price of $19.00 per share. Such options have a term of ten years and vest in three equal annual installments beginning February 3, 2001.

Pursuant to an agreement with Mediacom Management, MCC purchased all of its assets upon the completion of the initial public offering. MCC paid Mediacom Management approximately $653,000 for the furniture, computers and other office equipment that Mediacom Management purchased to conduct its operations. The purchase price paid to Mediacom Management for such assets approximated their carrying value.

Mediacom is a limited liability company and its members were required to report their share of income or loss in their respective income tax returns. After the completion of the IPO and the exchange of membership interests in Mediacom for shares of MCC's common stock, the results of MCC will be included in MCC's corporate tax returns. MCC will also record a one-time non recurring charge to earnings to record a net deferred tax liability. If the Company had been a C corporation as of December 31, 1999, this charge would have been approximately $1.3 million.

(17) SUBSEQUENT EVENTS

PENDING ACQUISITIONS

As of March 15, 2000, the Company entered into four separate asset purchase agreements to acquire cable television systems serving approximately 19,000 basic subscribers for an aggregate purchase price of $29.4 million. The Company expects to close these four acquisitions in the second and third quarters of 2000, subject to the receipt of all necessary regulatory approvals. The Company also signed one letter of intent to acquire cable systems serving approximately 9,000 basic subscribers for a purchase price of $16.0 million. The Company expects to complete the acquisition of these systems in the third quarter of 2000, subject to the negotiation of definitive documentation and the receipt of all necessary regulatory approvals.

SCHEDULE II

MEDIACOM LLC AND SUBSIDIARIES

VALUATION AND QUALIFYING ACCOUNTS
(ALL DOLLAR AMOUNTS IN 000'S)

	BALANCE AT BEGINNING OF PERIOD	ADDITIONS CHARGED TO COSTS AND EXPENSES	DEDUCTIONS	BALANCE AT END OF PERIOD
December 31, 1997				
Allowance for doubtful accounts				
Current receivables...............	$ 25	$ 45	$ 14	$ 56
December 31, 1998				
Allowance for doubtful accounts				
Current receivables...............	$ 56	$ 1,694	$ 1,452	$ 298
Acquisition reserves(1)				
Accrued expenses..................	$ -	$ 4,120	$ -	$ 4,120
December 31, 1999				
Allowance for doubtful accounts				
Current receivables...............	$ 298	$ 975	$ 501	$ 772
Acquisition reserves(1)				
Accrued expenses..................	$ 4,120	$ 1,530	$ -	$ 5,650

- ------------------

(1) Addition was charged to intangible assets

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To the Shareholder of Mediacom Capital Corporation:

We have audited the accompanying balance sheets of Mediacom Capital Corporation as of December 31, 1999 and 1998. These balance sheets are the responsibility of the Company's management. Our responsibility is to express an opinion on these balance sheets based on our audits.

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

In our opinion, the balance sheets referred to above present fairly, in all material respects, the financial position of Mediacom Capital Corporation as of December 31, 1999 and 1998, in conformity with generally accepted accounting principles.

Arthur Andersen LLP

Stamford, Connecticut
February 25, 2000

MEDIACOM CAPITAL CORPORATION

BALANCE SHEETS

	DECEMBER 31, 1999	DECEMBER 31, 1998
ASSETS		
Note receivable - from affiliate for issuance of common stock	$ 100	$ 100
Total assets	$ 100	$ 100
STOCKHOLDER'S EQUITY		
Common stock, par value $0.10; 200 shares authorized; 100 shares issued and outstanding	$ 10	$ 10
Additional paid-in capital	90	90
Total stockholder's equity	$ 100	$ 100

The accompanying note to the balance sheets is an integral part of these financial statements.

MEDIACOM CAPITAL CORPORATION

NOTE TO THE BALANCE SHEETS

(1) ORGANIZATION

Mediacom Capital Corporation ("Mediacom Capital"), a New York corporation, wholly-owned by Mediacom LLC ("Mediacom"), was organized on March 9, 1998 for the sole purpose of acting as co-issuer with Mediacom of $200.0 million aggregate principal amount of the 8 1/2% senior notes due April 15, 2008. Interest on the 8 1/2% senior notes is payable semi-annually on April 15 and October 15 of each year. Mediacom Capital does not conduct operations of its own.

On February 26, 1999, Mediacom and Mediacom Capital jointly issued $125.0 million aggregate principal amount of 7 7/8% senior notes due on February 15, 2011. The net proceeds from this offering of approximately $121.9 million were used to repay a substantial portion of outstanding bank debt under the bank credit facilities of Mediacom's operating subsidiaries. Interest on the 7 7/8% senior notes is payable semi-annually on February 15 and August 15 of each year, commencing on August 15, 1999.

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

None

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

DIRECTORS AND EXECUTIVE OFFICERS

The table below sets forth our directors and executive officers:

NAME	AGE	POSITION
Rocco B. Commisso	50	Chairman and Chief Executive Officer
Mark E. Stephan	43	Senior Vice President, Chief Financial Officer, Treasurer and Director
James M. Carey	48	Senior Vice President, Operations
Joseph Van Loan	58	Senior Vice President, Technology
Italia Commisso Weinand	46	Senior Vice President, Programming and Human Resources and Secretary
William S. Morris III	65	Director
Craig S. Mitchell	41	Director
Thomas V. Reifenheiser	64	Director
Natale S. Ricciardi	51	Director
Robert L. Winikoff	53	Director

ROCCO B. COMMISSO has 22 years of experience with the cable television industry and has served as our Chairman and Chief Executive Officer since founding Mediacom LLC in July 1995. From 1986 to 1995, he served as Executive Vice President, Chief Financial Officer and a director of Cablevision Industries Corporation. Prior to that time, Mr. Commisso served as Senior Vice President of Royal Bank of Canada's affiliate in the United States from 1981, where he founded and directed a specialized lending group to media and communications companies. Mr. Commisso began his association with the cable industry in 1978 at The Chase Manhattan Bank, where he was assigned to manage the bank's lending activities to communications firms including the cable industry. He serves on the board of directors of SoftNet Systems, Inc., the National Cable Television Association and Cable Television Laboratories, Inc. Mr. Commisso holds a Bachelor of Science in Industrial Engineering and a Master of Business Administration from Columbia University.

MARK E. STEPHAN has 13 years of experience with the cable television industry and has served as our Senior Vice President, Chief Financial Officer and Treasurer since the commencement of our operations in March 1996. Before joining us, Mr. Stephan served as Vice President, Finance for Cablevision Industries from July 1993. Prior to that time, Mr. Stephan served as Manager of the telecommunications and media lending group of Royal Bank of Canada.

JAMES M. CAREY has 18 years of experience in the cable television industry. Before joining us in September 1997, Mr. Carey was founder and President of Infinet Results, a telecommunications consulting firm, from December 1996. Mr. Carey served as Executive Vice President, Operations at MediaOne Group from August 1995 to November 1996, where he was responsible for MediaOne's Atlanta cable operations. Prior to that time, he served as Regional Vice President of Cablevision Industries' Southern Region. Mr. Carey is a member of the board of directors of the American Cable Association.

JOSEPH VAN LOAN has 27 years of experience in the cable television industry. Before joining us in November 1996, Mr. Van Loan served as Senior Vice President, Engineering for Cablevision Industries from 1990. Prior to that time, he managed a private telecommunications consulting practice specializing in domestic and international cable television and broadcasting and served as Vice President, Engineering for Viacom Cable. Mr. Van Loan received the 1986 Vanguard Award for Science and Technology from the National Cable Television Association.

ITALIA COMMISSO WEINAND has 23 years of experience in the cable television industry. Before joining us in April 1996, Ms. Weinand served as Regional Manager for Comcast Corporation from July 1985. Prior to that time, Ms. Weinand held various management positions with Tele-Communications, Times Mirror Cable and Time Warner. She serves on the board of directors of the National Cable Television Cooperative, Inc., a programming consortium consisting of small to medium-sized multiple system operators. Ms. Weinand is the sister of Mr. Commisso.

WILLIAM S. MORRIS III is a member of our board of directors. Mr. Morris has served as the Chairman and Chief Executive Officer of Morris Communications for more than the past five years. He is the Chairman of the board of directors of the Newspapers Association of America.

CRAIG S. MITCHELL is a member of our board of directors. Mr. Mitchell has held various management positions with Morris Communications for more than the past five years. He currently serves as its Vice President, Finance and Treasurer and is also a member of its board of directors.

THOMAS V. REIFENHEISER is a member of our board of directors. Mr. Reifenheiser has been a Managing Director and Group Executive for the Global Media and Telecom Group of Chase Securities Inc. for more than the past five years. He joined Chase in 1963 and has been the Global Media and Telecom Group Executive since 1977.

NATALE S. RICCIARDI is a member of our board of directors. Mr. Ricciardi has held various management positions with Pfizer Inc. for more than the past five years. He joined Pfizer in 1972 and currently serves as Vice President of Pfizer Global Manufacturing with responsibility for all of Pfizer's U.S. manufacturing plants.

ROBERT L. WINIKOFF is a member of our board of directors. He is also member of the executive committee of Mediacom LLC. Mr. Winikoff has been a partner of the New York City law firm of Cooperman Levitt Winikoff Lester & Newman, P.C. for more than the past five years, which has served as our general outside counsel since 1995. He is a member of the board of directors of Young Broadcasting Inc., an owner and operator of broadcast television stations.

KEY EMPLOYEES

The table below sets forth our key employees:

NAME	AGE	POSITION
Calvin G. Craib	45	Vice President, Business Development
Bruce J. Gluckman	47	Vice President, Legal and Regulatory Affairs
Richard L. Hale	50	Vice President, Midwest Region
Dale E. Ordoyne	49	Vice President, Southern Region
John G. Pascarelli	38	Vice President, Marketing
Brian M. Walsh	34	Vice President and Controller
William D. Wegener	38	Vice President, Network Development
Arnold P. Cool	51	Regional Director, Central Region
Louis Gentile	40	Regional Director, Western Region
Richard P. Hanson	46	Regional Director, North Central Region
Donald E. Zagorski	40	Regional Director, Mid-Atlantic Region

CALVIN G. CRAIB has 18 years experience in the cable television industry. Before joining us in April 1999, Mr. Craib served as Vice President, Finance and Administration for Interactive Marketing Group from June 1997 to December 1998. Mr. Craib served as Senior Vice President, Operations, and Chief Financial Officer for Douglas Communications from January 1990 to May 1997. Prior to that time, Mr. Craib served in various financial management capacities at Warner Amex Cable and Tribune Cable.

BRUCE J. GLUCKMAN has seven years of experience in the cable television industry. Before joining us as Director of Legal Affairs in February 1998, Mr. Gluckman was in private law practice from January 1996 to October 1997. From June 1993 to January 1996, he served as a Staff Attorney for Cablevision Industries. Mr. Gluckman has 20 years of experience in the practice of law.

RICHARD L. HALE has 16 years of experience in the cable television industry. Before joining us as Regional Manager for the Central Region in January 1998, Mr. Hale served as Regional Manager of Cablevision Systems' Kentucky/Missouri region and as Sales and Marketing Director from 1988 to 1998. Mr. Hale began his career in the cable television industry in 1984 as Regional Sales and Marketing Director for Adams-Russell Cable.

DALE E. ORDOYNE has 18 years of experience in the cable television industry. Before joining us in October 1999, Mr. Ordoyne served as Vice President, Marketing for MediaOne Group from 1995, where he was responsible for all marketing activities for the Atlanta cluster comprised of 500,000 basic subscribers. Prior to that time, Mr. Ordoyne served in various marketing and system management capacities for Cablevision Industries and Cox Communications.

JOHN G. PASCARELLI has 19 years of experience in the cable television industry. Before joining us in March 1998, Mr. Pascarelli served as Vice President, Marketing for Helicon from January 1996 to February 1998 and as Corporate Director of Marketing for Cablevision Industries from 1988 to 1995. Prior to that time, Mr. Pascarelli served in various marketing and system management capacities for Continental Cablevision, Cablevision Systems and Storer Communications.

BRIAN M. WALSH has 12 years of experience in the cable television industry. Before joining us in April 1996 as Director of Accounting, Mr. Walsh served as financial analyst for Helicon from January 1996 to March 1996. Prior to that time, Mr. Walsh served in various financial management capacities for Cablevision Industries, including Business Manager from January 1992 to December 1995. Mr. Walsh began his career in the cable television industry in 1988 when he joined Cablevision Industries as a staff accountant.

WILLIAM D. WEGENER has 19 years of experience in the cable television industry. Before joining us in February 1998, Mr. Wegener served as Senior Sales Engineer for C-Cor Electronics from October 1995 to October 1997. Prior to that time, Mr. Wegener served in various engineering capacities for Cablevision Industries. He is a member of the Society of Cable Telecommunications Engineers.

ARNOLD P. COOL has 22 years of experience in the cable television industry. Before joining us in January 1998, he served in various capacities for Cablevision Systems' cable television systems in Kentucky and Missouri from April 1993. Prior to that time, Mr. Cool held various technical and supervisory responsibilities for Cablevision Systems and for smaller cable television companies.

LOUIS GENTILE has 11 years of experience in the cable television industry. Before joining us as Divisional Business Manager in January 1998, Mr. Gentile served in various financial management capacities for Cablevision Systems from January 1992. Mr. Gentile began his career in the cable television industry in 1989 when he joined MultiVision Cable as a financial analyst.

RICHARD P. HANSON has 22 years of experience in the cable television industry. Mr. Hanson joined us upon the closing of the Triax acquisition on November 5, 1999. Before joining us, Mr. Hanson served in various capacities for Triax, most recently as Director of Operations, from March 1988 to October 1999. Prior to joining Triax, he served as Manager for Combined Cable and for Star Cablevision.

DONALD E. ZAGORSKI has 19 years of experience in the cable television industry. Before joining us in June 1997, Mr. Zagorski served as System and Regional Manager for Tele-Media Company from March 1990. Prior to that time, Mr. Zagorski held various technical and supervisory positions with Outer Banks Cablevision and Group W Cable.

All directors hold office until the next annual meeting of stockholders and until their successors have been elected and qualify. All executive officers and key employees serve at the discretion of the board of directors. Mr. Commisso has agreed to cause the election of two directors designated by Morris Communications so long as Morris Communications continues to own at least 20% of our outstanding common stock, and one such director so long as it continues to own at least 10% of our outstanding common stock. In accordance with this agreement, Mr. Morris and Mr. Mitchell have been designated as directors by Morris Communications.

COMMITTEES OF THE BOARD OF DIRECTORS

AUDIT COMMITTEE

The members of the audit committee are Craig S. Mitchell, Thomas V. Reifenheiser and Natale S. Ricciardi. The responsibilities of the audit committee include:

- o recommending the appointment of independent accountants;
- o reviewing the arrangements for and scope of the audit by independent accountants;
- o reviewing the independence of the independent accountants;
- o considering the adequacy of the system of internal accounting controls and review any proposed corrective actions;
- o reviewing and monitoring our policies regarding business ethics and conflicts of interest;
- o discussing with management and the independent accountants our draft annual financial statements and key accounting and reporting matters; and
- o reviewing the activities and recommendations of our accounting department.

COMPENSATION COMMITTEE

The members of the compensation committee are Rocco B. Commisso, William S. Morris III and Robert L. Winikoff. The compensation committee has authority to review and make recommendations to our board of directors with respect to the compensation of our executive officers.

STOCK OPTION COMMITTEE

The members of the stock option committee are Thomas V. Reifenheiser, Natale S. Ricciardi and Robert L. Winikoff. The stock option committee administers our 1999 stock option plan and determines, among other things, the time or times at which options will be granted, the recipients of grants, whether a grant will consist of incentive stock options, nonqualified stock options or stock appreciation rights, which may be in tandem with an option or free-standing, or a combination thereof, the option periods, whether an option is exercisable for Class A common stock or Class B common stock, the limitations on option exercise and the number of shares to be subject to such options, taking into account the nature and value of services rendered and contributions made to our success. The stock option committee also has authority to interpret the plan and, subject to certain limitations, to amend provisions of the plan as it deems advisable.

DIRECTOR COMPENSATION

Those directors who are not also our employees will not receive annual compensation. On February 4, 2000, we granted to each of Craig S. Mitchell and Robert L. Winikoff options to purchase 30,000 shares of Class A common stock, and we granted to each of William S. Morris III, Thomas V. Reifenheiser and Natale S. Ricciardi options to purchase 20,000 shares of Class A common stock at an exercise price equal to the public offering price of $19.00 per share. Such options become exercisable in three equal annual installments beginning February 3, 2001. Non-employee directors will also receive reimbursement of out-of-pocket expenses incurred for each board meeting or committee meeting attended.

ITEM 11. EXECUTIVE COMPENSATION

Prior to our initial public offering on February 4, 2000, except for James M. Carey, we did not make any payment in respect of compensation to any of our executive officers. These executive officers received compensation from Mediacom Management, which was entitled to receive management fees from our subsidiaries. Mr. Carey received his compensation from one of our operating subsidiaries, Mediacom Southeast LLC. For more information regarding the management fees paid by our subsidiaries to Mediacom Management, see "Certain Relationships and Related Transactions--Management Agreements." Since the consummation of our initial public offering, we have paid the compensation to our executive officers.

Except where otherwise indicated, the following table summarizes the compensation paid in 1999 and 1998 by Mediacom Management to our Chief Executive Officer and our four other most highly compensated executive officers who received total compensation in excess of $100,000:

SUMMARY COMPENSATION TABLE

		ANNUAL COMPENSATION		
NAME AND PRINCIPAL POSITION	YEAR	SALARY($)	BONUS($)	OTHER ANNUAL COMPENSATION($)
Rocco B. Commisso	1999	100,000	--	--
Chairman and Chief Executive Officer	1998	100,000	--	--
Mark E. Stephan	1999	200,000	--	--
Senior Vice President, Chief Financial Officer, Treasurer and Director	1998	190,769	132,034	--
James M. Carey(1)	1999	140,769	20,000	--
Senior Vice President, Operations	1998	106,154	15,000	35,500(2)
Joseph Van Loan	1999	200,000	--	--
Senior Vice President, Technology	1998	190,769	132,034	--
Italia Commisso Weinand	1999	136,923	--	--
Senior Vice President, Programming and Human Resources and Secretary	1998	130,693	99,026	--

(1) Mr. Carey's compensation was paid by one of our operating subsidiaries, Mediacom Southeast LLC.
(2) Represents consulting fees from January 1, 1998 to February 2, 1998.

The amounts set forth in the above table do not include the receipt by Mark E. Stephan, James M. Carey, Joseph Van Loan and Italia Commisso Weinand of membership units in Mediacom LLC from Rocco B. Commisso as described in "--Employment Arrangements" below.

EMPLOYMENT ARRANGEMENTS

Mark E. Stephan, James M. Carey, Joseph Van Loan, Italia Commisso Weinand and several of our other employees have entered into employment arrangements setting forth the terms of their at-will employment with us. Pursuant to the employment arrangements, Rocco B. Commisso delivered to each of these employees a specified number of membership units in Mediacom LLC, which were owned by Mr. Commisso. Approximately 55% of the membership units were fully vested and non-forfeitable on the date of grant. During the fourth quarter of 1999, we recorded approximately $14.8 million in a non-cash stock charge relating to these vested and non-forfeitable membership units, based on the initial public offering price of $19.00. A deferred non-cash stock expense of approximately $12.2 million, relating to the non-vested and forfeitable membership units, will be amortized over a period of five to eight years.

In connection with our initial public offering, such membership units were exchanged for an aggregate of 1,421,879 shares of our Class B common stock and options to acquire an aggregate of 348,892 shares of our Class B common stock at an exercise price equal to the initial public offering price of $19.00 per share. Such shares and options initially are subject to vesting in five equal annual installments, which vesting period is deemed to have commenced for each officer on various dates prior to our initial public offering. All such shares and options which vest initially are nonetheless subject to potential forfeiture during the first three years after vesting under the circumstances described below. If the employee desires to sell the vested shares and options, or if the employee's employment with us is terminated for any reason, Mr. Commisso will have the option to purchase such shares or options at their fair market value. In the event that Mr. Commisso exercises this purchase option, a portion of the shares or options vested for less than three years will nonetheless be forfeited to Mr. Commisso if, during such three year period, such employee elects to sell such shares or exercise such options or voluntarily terminates his employment with us or if such employee's employment with us is terminated for cause. No forfeiture of vested shares or options will occur if Mr. Commisso elects not to exercise his purchase option, or if the employee is terminated by us without cause or as a result of death or disability. Upon a change of control, all such shares will vest and not be subject to forfeiture. Each of the employees has granted to Mr. Commisso an irrevocable proxy with respect to all voting rights relating to their shares of common stock following the exchange. At the request of any of these employees, Mr. Commisso will make a loan to the employee in the amount of any tax liability resulting from such employee's receipt of our options in exchange for membership units in Mediacom LLC. Such loan would be secured by such employee's shares of common stock and options. Each of the employment arrangements also provides that if we terminate the employee's employment without cause, the employee is entitled to a severance payment equal to six months of base salary and precludes the employee from competing with us for a period of three years following termination.

1999 STOCK OPTION PLAN

Our board of directors adopted our 1999 stock option plan which became effective as of December 20, 1999. We have reserved 9,000,000 shares of common stock with respect to which options and stock appreciation rights may be granted under the plan. A maximum of 7,000,000 shares of our common stock reserved under the plan may be granted as incentive stock options qualified for favorable tax treatment to the holder under Internal Revenue Code Section 422. The purpose of the plan is to promote our interests and the interests of our stockholders by strengthening our ability to attract and retain competent employees, to make service on our board of directors more attractive to present and prospective non-employee directors and to provide a means to encourage stock ownership and proprietary interest in us by our officers, non-employee directors and valued employees and other individuals upon whose judgment, initiative and efforts our financial success and growth largely depend.

The plan states that it may be administered by either the entire board of directors or a committee consisting of two or more members of the board of directors, each of whom is a non-employee director. Our board of directors has determined that the plan will be administered by the stock option committee which consists solely of non-employee directors.

Incentive stock options may be granted only to our officers and key employees and the officers and key employees of our subsidiaries. Nonqualified stock options and stock appreciation rights may be granted to our officers, key employees, directors, agents and consultants and the officers and employees of our subsidiaries. In determining the eligibility of an individual for grants under the plan, as well as in determining the number of shares to be optioned to any individual, the stock option committee takes into account the recommendations of our Chairman of

the Board, Mr. Commisso, the position and responsibilities of the individual being considered, the length of such individual's employment with us or our subsidiaries, the nature and value to us or our subsidiaries of his or her service or accomplishments, his or her present or potential contribution to the success of us or our subsidiaries and such other factors as the stock option committee may deem relevant. In making recommendations to the stock option committee, Mr. Commisso expects to focus upon individuals who would be motivated by a direct economic stake in us. Options may provide for their exercise into shares of any class of our common stock.

The plan provides for the granting of incentive stock options to purchase our common stock at not less than the fair market value on the date of the option grant and the granting of nonqualified options with any exercise price. Stock appreciation rights may be granted with an exercise price equal to the fair market value of a share of our common stock on the date of grant of the stock appreciation right. Stock appreciation rights granted in tandem with an option have the same exercise price as the related option. Options for an aggregate of 2,920,000 shares of our common stock, comprised of 1,971,108 shares of Class A common stock and 948,892 shares of Class B common stock were granted on February 4, 2000 under the plan to all of our full and part-time employees at an exercise price equal to the initial public offering price of $19.00. Such options will vest at various times over five years. Vesting is contingent on continuous employment with us. Options that do not vest will be forfeited.

The plan also contains limitations applicable only to incentive stock options granted thereunder. To the extent that the aggregate fair market value, as of the date of grant, of the shares to which incentive stock options become exercisable for the first time by an optionee during the calendar year exceeds $100,000, the option will be treated as a nonqualified option. In addition, if an optionee owns more than 10% of the total combined voting power of all classes of our capital stock or that of our parent or any of our subsidiaries at the time the individual is granted an incentive stock option, the option price per share of the incentive stock option cannot be less than 110% of the fair market value per share as of the date of grant and the term of the incentive stock option cannot exceed five years. No option or stock appreciation right may be granted under the plan after December 19, 2009, and no option or stock appreciation right may have a term of more than ten years after the date of its grant.

Upon the exercise of an option, the holder must make payment of the full exercise price. Such payment may be made in cash, check or, under certain circumstances, in shares of our common stock having a fair market value equal to the exercise price of the options, or any combination thereof. Stock appreciation rights, which give the holder the privilege of surrendering such rights for the appreciation in the underlying common stock between the time of the grant and the surrender, may be settled, in the discretion of the stock option committee in cash, in shares of our common stock valued at their fair market value on the date of exercise of the stock appreciation right, or in any combination thereof. The exercise of a stock appreciation right granted in tandem with an option cancels the option to which it relates with respect to the same number of shares as to which the stock appreciation right was exercised. The exercise of an option cancels any related stock appreciation right with respect to the same number of shares as to which the option was exercised. Generally, options and stock appreciation rights may be exercised while the recipient is performing services for us and within three months after termination of such services.

The plan may be terminated at any time by the board of directors, which may also amend the plan, except that without stockholder approval, it may not increase the number of shares subject to the plan or change the class of persons eligible to receive options under the plan.

1999 EMPLOYEE STOCK PURCHASE PLAN

Our board of directors adopted our 1999 employee stock purchase plan which became effective as of December 20, 1999. Our employee stock purchase plan is intended to qualify under Section 423 of the Internal Revenue Code of 1986, as amended. We have reserved 1,000,000 shares of our Class A common stock for issuance under the plan. The plan states that it may be administered by either the entire board of directors or a committee of the board of directors. Our board of directors has determined that the plan will be administered by the compensation committee.

All persons employed by us or any of our subsidiaries on the date of our initial public offering are eligible to participate in the employee stock purchase plan provided they customarily perform for us at least 20 hours of services per week and for more than five months in any calendar year. The plan covers four offering periods, each lasting six months. The offering periods commence on February 1 and August 1 of each year covered by the plan, except that the first offering period will start on February 4, 2000 and end on July 31, 2000. Eligible employees, on the date of our

initial public offering, automatically participated in the plan unless they fail to enroll in payroll deductions within 30 days following the date of our initial public offering, February 4, 2000.

Our employee stock purchase plan allows for each participating employee to purchase common stock through payroll deductions. Each employee's payroll deductions for any period may not exceed 15% of the employee's compensation for such period up to a maximum aggregate deduction of $21,250 for each period. Purchases of our common stock will occur on the final trading day of each offering period. No employee may be granted an option under the plan if immediately after the grant the employee would own our capital stock and/or options to purchase our common stock possessing 5% or more of the total combined voting power or value of all classes of capital stock of us or any of our subsidiaries. In addition, the total value of the shares purchased by a participant in any calendar year, measured as of the beginning of the offering period, may not exceed $25,000.

The price of each share of common stock purchased under our employee stock purchase plan will be 85% of the lower of:

- the fair market value per share of common stock on the date of our initial public offering; or

- the fair market value per share of common stock on the final trading day of each applicable offering period.

Employees may end their participation in the employee stock purchase plan at any time. Participation ends automatically upon termination of employment with us. Our board of directors may amend or terminate the employee stock purchase plan at any time. If our board increases the number of shares of common stock reserved for issuance under the plan, it must seek the approval of our stockholders.

401(K) PLAN

We maintain a retirement plan established in conformity with Section 401(k) of the Internal Revenue Code of 1986, covering all of our eligible employees. In accordance with the 401(k) plan, employees may elect to defer up to 15% of their current pre-tax compensation and have the amount of the deferral contributed to the 401(k) plan. The maximum elective deferral contribution was $10,000 in each of 1998 and 1999 subject to adjustment for cost-of-living in subsequent years. Certain highly compensated employees may be subject to a lesser limit on their maximum elective deferral contribution. The 401(k) plan permits, but does not require, us to make matching contributions and non-matching, profit sharing, contributions up to a maximum dollar amount or maximum percentage of participant or employee contributions. Our contributions under the plan totaled approximately $14,000, $264,000 and $302,000 for the years ended December 31, 1997, 1998, and 1999, respectively.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth as of March 15, 2000 certain information with respect to the beneficial ownership of our common stock by:

- each person known by us to beneficially own more than 5% of any class of our common stock;
- each of our directors;
- our Chief Executive Officer and our four other most highly compensated executive officers; and
- all of our directors, director nominees and executive officers as a group.

The amounts and percentages of common stock beneficially owned are reported on the basis of regulations of the Securities and Exchange Commission governing the determination of beneficial ownership of securities. Under the rules of the Securities and Exchange Commission, a person is deemed to be a beneficial owner of a security if that person has or shares voting power, which includes the power to vote or to direct the voting of such security, or investment power, which includes the power to dispose of or to direct the disposition of such security. Unless otherwise indicated below, each beneficial owner named in the table below has sole voting and sole investment power with respect to all shares beneficially owned, subject to community property laws where applicable. Holders of Class A common stock are entitled to one vote per share, while holders of Class B common stock are entitled to ten votes per share. Holders of both classes of common stock will vote together as a single class on all matters presented for a vote, except as otherwise required by law. Percentage of beneficial ownership of Class A common stock is based on 60,657,010 shares of Class A common stock outstanding and percentage of beneficial ownership of Class B common stock is based on 29,342,990 shares of Class B common stock outstanding. Unless otherwise indicated, the address of each beneficial owner of more than 5% of Class A or Class B common stock is Mediacom Communications Corporation, 100 Crystal Run Road, Middletown, New York 10941.

	CLASS A COMMON STOCK		CLASS B COMMON STOCK		PERCENT OF VOTE AS A SINGLE CLASS
NAME OF BENEFICIAL OWNER	NUMBER	PERCENT	NUMBER	PERCENT	
Rocco B. Commisso	250,000	* %	29,342,990(7)	100.0%	82.9%
Morris Communications Corporation(1)	28,309,674	46.7	--	--	8.0
CB Capital Investors, LLC(2)	4,223,534	7.0	--	--	1.2
U.S. Investor, Inc.(3)	3,051,170	5.0	--	--	*
Mark E. Stephan	--	--	387,222(8)(9)	1.3	--
William S. Morris III(1)(4)	28,309,674	46.7	--	--	8.0
Craig S. Mitchell(1)(5)	28,399,674	46.8	--	--	8.0
Thomas V. Reifenheiser	--	--	--	--	--
Natale S. Ricciardi	10,000	*	--	--	--
Robert L. Winikoff	45,000(6)	*	--	--	--
James M. Carey	--	--	216,844(9)(10)	*	--
Joseph Van Loan	4,000	*	263,311(9)(11)	*	--
Italia Commisso Weinand	500	*	263,311(9)(12)	*	--
All executive officers and directors as a group (10 persons)	28,709,174	47.3	29,342,990	100.0	91.0

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* Represents beneficial ownership of less than 1%.

(1) The address of the beneficial owner is 725 Broad Street, Augusta, Georgia 30901.

(2) Includes approximately 856,200 shares of Class A common stock owned by its affiliate, Chase Manhattan Capital, LLC. The address of the beneficial owner is c/o Chase Capital Partners, 380 Madison Avenue, New York, New York 10017.

(3) A party related to Booth American Company. The address of the beneficial owner is 333 West Fort Street, Detroit, Michigan 48226.

(4) Represents shares held by Morris Communications. Mr. Morris is the Chairman and Chief Executive Officer of Morris Communi-cations and is deemed to be in control of Morris Communications.

(5) Includes 28,309,674 shares held by Morris Communications. Mr. Mitchell is a director and the Vice President, Finance and Treasurer of Morris Communications. Mr. Mitchell disclaims any beneficial ownership of the shares held by Morris Communications.

(6) Includes 30,000 shares held by a limited liability company for which Mr. Winikoff serves as manager. Mr. Winikoff disclaims beneficial ownership of the shares held by the limited liability company except to the extent of his pecuniary interest therein.

(7) Includes 1,421,879 shares of Class B common stock owned of record by other stockholders, for which Mr. Commisso holds an irrevocable proxy, representing all remaining shares of Class B common stock outstanding.

(8) All of these shares are subject to vesting in five equal annual installments, which vesting period is deemed to have commenced on March 18, 1997. 232,333 of these shares are currently vested.

(9) If such beneficial owner desires to sell vested shares, or if such beneficial owner's employment with us is terminated for any reason, Mr. Commisso will have the option to purchase such shares. In the event that Mr. Commisso exercises this purchase option, a portion of the vested shares vested for less than three years will nonetheless be forfeited to Mr. Commisso if, during such three year period, such beneficial owner elects to sell such shares or voluntarily terminates his employment with us or if such beneficial owner's employment with us is terminated for cause. Such forfeiture of vested shares will not occur if Mr. Commisso does not exercise his purchase option or if the beneficial owner is terminated by us without cause or as a result of death or disability. Upon a change of control, all such shares will vest and not be subject to forfeiture. In addition, such beneficial owner has granted Mr. Commisso an irrevocable proxy which may be exercised by Mr. Commisso in connection with any action to be taken by our stockholders.

(10) All of these shares are subject to vesting in five equal annual installments, which vesting period is deemed to have commenced on September 15, 1998. 86,737 of these shares are currently vested.

(11) All of these shares are subject to vesting in five equal annual installments, which vesting period is deemed to have commenced on November 4, 1997. 157,986 of these shares are currently vested.

(12) All of these shares are subject to vesting in five equal annual installments, which vesting period is deemed to have commenced on April 21, 1997. 157,986 of these shares are currently vested.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

The following discussion sets forth certain relationships and related transactions of us and our subsidiary, Mediacom LLC, and its operating subsidiaries.

MANAGEMENT AGREEMENTS

Each of our operating subsidiaries was a party to a management agreement with Mediacom Management, which is owned by Mr. Commisso. Under these agreements, Mediacom Management provided management services to our operating subsidiaries and was paid annual management fees. Until November 19, 1999, the management fee was 5.0% of the first $50.0 million of our annual gross operating revenues, 4.5% of annual gross operating revenues in excess of $50.0 million, up to $75.0 million, and 4.0% of annual gross operating revenues in excess of $75.0 million. The management agreements were amended effective November 19, 1999 in connection with Mediacom LLC's 1999 Operating Agreement to provide for annual management fees equal to 2% of annual gross operating revenues. In addition, Mediacom Management agreed to waive all management fees accrued from July 1, 1999 through November 19, 1999. Each of the management agreements was terminated upon completion of our initial public offering, and employees of Mediacom Management became our employees. In 1999, the aggregate amount of management fees paid to Mediacom Management was approximately $4.2 million.

TRANSACTION FEES AND EXPENSE REIMBURSEMENT

Prior to the amendment of Mediacom LLC's operating agreement on November 19, 1999, Mediacom Management was paid a fee based on a percentage of the purchase price of acquisitions made by Mediacom LLC after January 1998. In accordance with Mediacom LLC's operating agreement, the aggregate acquisition fees of $3.8 million in connection with the Triax and Zylstra acquisitions have been waived by Mediacom Management and no further acquisition fees were payable after November 19, 1999.

The operating agreement also provided for reimbursement of reasonable out-of-pocket expenses incurred by Mediacom Management in connection with the operation of the business of Mediacom LLC and acting on behalf of Mediacom LLC in connection with any potential acquisition of a cable system. In 1999, there were no out-of-pocket expenses reimbursed to Mediacom Management.

PURCHASE OF ASSETS

Pursuant to an agreement with Mediacom Management, we purchased all of Mediacom Management's assets upon the completion of our initial public offering. We paid Mediacom Management approximately $653,000 for the furniture, computers and other office equipment that Mediacom Management purchased to conduct its operations. The purchase price paid to Mediacom Management for such assets approximated their carrying value.

OTHER RELATIONSHIPS

Prior to the issuance of our common stock in exchange for all membership interests in Mediacom LLC, Chase Manhattan Capital, LLC and CB Capital Investors, LLC were members of Mediacom LLC. Chase Manhattan Capital, LLC and CB Capital Investors, LLC are parties related to Chase Securities Inc. and The Chase Manhattan Bank.

Chase Securities Inc. was one of the co-managers of our initial public offering. In connection with our initial public offering, Chase Securities Inc. received underwriting discounts and commissions in the amount of approximately $350,000 on February 9, 2000.

Chase Securities Inc. acted as an initial purchaser in connection with the offering of our 7 7/8% senior notes in 1999. Chase Securities Inc. received fees in the amount of approximately $3.1 million in 1999 in connection with the offering.

Chase Securities Inc. acted as an advisor in connection with our acquisition of the Triax systems. For these services, Chase Securities Inc. received a fee in the amount of $3.0 million. One individual associated with Chase Securities Inc., Thomas V. Reifenheiser, is a member of our board of directors.

Prior to the issuance of our common stock in exchange for all membership interests in Mediacom LLC, Morris Communications was a member of Mediacom LLC. Morris Communications received commitment fees of approximately $268,000 in 1999 in connection with its capital contributions to Mediacom LLC.

Prior to the issuance of our common stock in exchange for all membership interests in Mediacom LLC, U.S. Investor, Inc. was a member of Mediacom LLC. In connection with its purchase of a cable television system in Kern County, California from Booth American Company, the parent of U.S. Investor, one of our subsidiaries issued to Booth American Company an unsecured senior subordinated note in the original amount of $2.8 million. Interest on the note was deferred throughout the term and was payable on prepayment or at maturity on June 28, 2006. In 1999, the annual interest rate on the note was 9.0%. The note, together with all accrued interest, was repaid on September 24, 1999.

Until November 3, 1999, Mediacom LLC's operating agreement obligated its members to make capital contributions to Mediacom LLC. The following table sets forth such capital contributions by those members of Mediacom LLC who owned more than 5% of its membership interests. The capital contributions made by those members on November 3, 1999 are part of the $10.5 million equity contribution made by the members of Mediacom LLC in connection with the acquisition of the Triax systems.

MEMBER	NOVEMBER 3, 1999 (IN THOUSANDS)
U.S. Investor, Inc.	$ 256
Morris Communications Corporation	8,918
CB Capital Investors, LLC	512

Robert L. Winikoff, a member of our board of directors, is a partner at the law firm of Cooperman Levitt Winikoff Lester & Newman, P.C., that has served as our general outside counsel on various matters. Cooperman Levitt Winikoff Lester & Newman, P.C. received fees from Mediacom LLC in the amount of $771,000 in 1999.

CHANGES TO ORGANIZATIONAL STRUCTURE

Immediately prior to our initial public offering, we issued 40,657,010 shares of our Class A common stock and 29,342,990 shares of our Class B common stock in exchange for all of the outstanding membership interests of Mediacom LLC, which served as the holding company for our operating subsidiaries. As a result, we became the parent company of Mediacom LLC, which continues to serve as the holding company of our subsidiaries.

Mediacom LLC's amended operating agreement provided that upon the occurrence of certain events, including our initial public offering, the executive committee of Mediacom LLC would make a determination of the aggregate equity value of Mediacom LLC. Based on this determination, Mediacom LLC issued additional membership interests to its members, each having a value upon issuance of $1,000. As a consequence of our initial public offering at an initial public offering price of $19.00 per share and a determination of the aggregate equity value of Mediacom LLC of $1.3 billion, Mediacom LLC issued additional membership interests to its members based upon such determination immediately prior to our initial offering. These newly issued membership interests were exchanged for our shares of common stock.

Mediacom LLC's amended operating agreement contained provisions relating to a special allocation of membership interests to Mr. Commisso, our executive officers and some of our non-executive officers under certain circumstances. In accordance with these special allocation provisions under the operating agreement, Mr. Commisso was issued additional membership interests in 1999 that had a value upon issuance of $57.9 million. A provision in the amended operating agreement removed a certain portion of the special allocation of membership interests awarded to Mr. Commisso, our executive officers and some of our non-executive officers, based upon valuations of Mediacom LLC performed from time to time. In connection with the removal of these certain special allocation provisions and

the amendments to Mediacom LLC's management agreements with Mediacom Management effective November 19, 1999, Mr. Commisso and such executive and non-executive officers were issued new membership interests representing 16.5% of the aggregate equity value of Mediacom LLC, which amount was then adjusted to give effect to the dilution of the equity interests of Mr. Commisso and related parties resulting from the issuance of such new membership interests. These newly issued membership interests, as adjusted for such dilution effect, were exchanged for 7,295,025 shares of our Class B common stock, which had an aggregate value of approximately $138.6 million on the date of the exchange.

In addition, in connection with the amendment and the removal of the remainder of the special allocation provisions of the operating agreement, Rocco Commisso, Mark Stephan, James Carey, Joseph Van Loan, Italia Commisso Weinand and nine of our non-executive officers received options to purchase 6,851,107, 95,014, 53,208, 64,610, 64,610 and an aggregate of 71,451 shares of our Class B common stock. These options have a term of five years and are exercisable, commencing on August 3, 2000, at a price of $19.00 per share. Except for shares of common stock and options held by Mr. Commisso, the shares and options initially are subject to vesting in five equal annual installments, which vesting period is deemed to have commenced for each officer on various dates prior to our initial public offering. All such shares and options which vest initially are nonetheless subject to potential forfeiture during the first three years after vesting under the circumstances described below. If a beneficial owner other than Mr. Commisso desires to sell such vested shares or exercise such options, or if such beneficial owner's employment with us is terminated for any reason, Mr. Commisso will have the option to purchase such shares or options at their fair market value. In the event that Mr. Commisso exercises this purchase option, a portion of the shares or options vested for less than three years will nonetheless be forfeited to Mr. Commisso if, during such three year period, such owner elects to sell such shares or exercise such options or voluntarily terminates his employment with us, or if such owner's employment with us is terminated for cause. No forfeiture of vested shares or options will occur if Mr. Commisso elects not to exercise his purchase option, or if the employee is terminated by us without cause or as a result of death or disability. Upon a change of control, all such shares will vest and not be subject to forfeiture.

PART IV

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

(a) FINANCIAL STATEMENTS

Our financial statements as set forth in the Index to Consolidated Financial Statements under Part II, Item 8 of this Form 10-K are hereby incorporated by reference.

(b) EXHIBITS

The following exhibits, which are numbered in accordance with Item 601 of Regulation S-K, are filed herewith or, as noted, incorporated by reference herein:

EXHIBIT NUMBER	EXHIBIT DESCRIPTION
2.1	Asset Purchase Agreement, dated April 29, 1999 between Mediacom LLC and Triax Midwest Associates, L.P.(1)
2.2	Stock Purchase Agreement, dated May 25, 1999 among Mediacom LLC, Charles D. Zylstra, Kara M. Zylstra, Kara M. Zylstra and Trusts created under the Will dated June 3, 1982 of Roger E. Zylstra, deceased, for the benefit of Charles D. Zylstra and Kara M. Zylstra(2)
3.1	Form of Restated Certificate of Incorporation of Mediacom Communication Corporation to be filed on the effective date of this registration statement(3)
3.2	By-laws of Mediacom Communications Corporation (3)
3.3	Fourth Amended and Restated Operating Agreement of Mediacom LLC
3.4	Fifth Amended and Restated Operating Agreement of Mediacom LLC
4.1	Form of certificate evidencing share of Class A common stock(3)
10.1	Credit Agreement dated as of September 30, 1999 for the Mediacom USA Credit Facility (3)
10.2	Credit Agreement dated as of November 5, 1999 for the Mediacom Midwest Credit Facility (3)
10.3*	1999 Stock Option Plan (3)
10.4	Form of Amended and Restated Registration Rights Agreement by and among Mediacom Communications Corporation, Rocco B. Commisso, BMO Financial, Inc., CB Capital Investors, L.P., Chase Manhattan Capital, L.P., Morris Communications Corporation, Private Market Fund, L.P. and U.S. Investor, Inc.(3)
10.5*	1999 Employee Stock Purchase Plan (3)
10.6	Stock Purchase Agreement, dated as of November 4, 1999, between SoftNet Systems, Inc. and Mediacom LLC (3)
10.7	Stockholder Agreement, dated as of November 4, 1999, between SoftNet Systems, Inc. and Mediacom LLC(4)
27.1	Financial Data Schedule of Mediacom LLC

(C) FINANCIAL STATEMENT SCHEDULE

None.

(D) REPORTS ON FORM 8-K

None.

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* Compensatory plan

(1) Filed as an exhibit to the Quarterly Report on Form 10-Q for the quarterly period ended March 31, 1999 of Mediacom LLC and Mediacom Capital Corporation and incorporated herein by reference.

(2) Filed as an exhibit to the Quarterly Report on Form 10-Q for the quarterly period ended June 30, 1999 of Mediacom LLC and Mediacom Capital Corporation and incorporated herein by reference.

(3) Filed as an exhibit to the Registration Statement on Form S-1 (File No. 333-90879) of Mediacom Communications Corporation and incorporated herein by reference.

(4) Filed as an exhibit to the Annual Report on Form 10-K for the fiscal year ended September 30, 1999 of SoftNet Systems, Inc. and incorporated herein by reference.

SIGNATURES

Pursuant to the requirements of the Securities 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

March 29, 2000

BY: /S/ ROCCO B. COMMISSO

ROCCO B. COMMISSO
Chairman and Chief Executive Officer

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

SIGNATURE	TITLE	DATE
/S/ ROCCO B. COMMISSO ROCCO B. COMMISSO	Chairman and Chief Executive Officer (principal executive officer)	March 29, 2000
/S/ MARK E. STEPHAN MARK E. STEPHAN	Senior Vice President, Chief Financial Officer, Treasurer and Director (principal financial officer and principal accounting officer)	March 29, 2000
/S/ WILLIAM S. MORRIS III WILLIAM S. MORRIS III	Director	March 29, 2000
/S/ CRAIG S. MITCHELL CRAIG S. MITCHELL	Director	March 29, 2000
/S/ THOMAS V. REIFENHEISER THOMAS V. REIFENHEISER	Director	March 29, 2000
/S/ NATALE S. RICCIARDI NATALE S. RICCIARDI	Director	March 29, 2000
/S/ ROBERT L. WINIKOFF ROBERT L. WINIKOFF	Director	March 29, 2000

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

March 29, 2000

BY: /S/ ROCCO B. COMMISSO

ROCCO B. COMMISSO
Manager, Chairman and
Chief Executive Officer

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

SIGNATURE	TITLE	DATE
/S/ ROCCO B. COMMISSO ROCCO B. COMMISSO	Manager, Chairman and Chief Executive Officer (principal executive officer)	March 29, 2000
/S/ MARK E. STEPHAN MARK E. STEPHAN	Senior Vice President, Chief Financial Officer and Treasurer (principal financial officer and principal accounting officer)	March 29, 2000

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

March 29, 2000

By: /S/ ROCCO B. COMMISSO

ROCCO B. COMMISSO
President, Chief Executive Officer and Director

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

SIGNATURE	TITLE	DATE
/S/ ROCCO B. COMMISSO ------------------------------------- ROCCO B. COMMISSO	President, Chief Executive Officer and Director (principal executive officer)	March 29, 2000
/S/ MARK E. STEPHAN ------------------------------------- MARK E. STEPHAN	Treasurer and Secretary (principal financial officer and principal accounting officer)	March 29, 2000

EXHIBIT 3.3

- --

FOURTH AMENDED AND RESTATED

OPERATING AGREEMENT

OF

MEDIACOM LLC

Dated as of November 19, 1999

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FOURTH AMENDED AND RESTATED OPERATING AGREEMENT

OF

MEDIACOM LLC

THIS FOURTH AMENDED AND RESTATED OPERATING AGREEMENT, dated as of November 19, 1999 (this "Agreement"), is made by the owners and holders of two-thirds of the Membership Units of Mediacom LLC.

RECITALS

WHEREAS, Mediacom LLC was established as a limited liability company pursuant to an operating agreement dated as of July 17, 1995;

WHEREAS, the operating agreement was amended and restated in its entirety as the Amended and Restated Operating Agreement of Mediacom LLC dated as of March 12, 1996 (the "Initial Amended and Restated Operating Agreement");

WHEREAS, the Initial Amended and Restated Operating Agreement was further amended and restated in its entirety as of March 31, 1997, and thereafter amended as of June 16, 1997 (the "Second Amended and Restated Operating Agreement");

WHEREAS, the Second Amended and Restated Operating Agreement was further amended and restated in its entirety as of January 23, 1998 (the "Third Amended and Restated Operating Agreement"),

WHEREAS, the Third Amended and Restated Operating Agreement provides in relevant part that it may be amended pursuant to Section 16.2 thereof with the consent of at least two-thirds of the Membership Units of Mediacom LLC; and

WHEREAS, the parties hereto, constituting the owners and holders of more than two-thirds of the Membership Units of Mediacom LLC, desire to amend the Third Amended and Restated Operating Agreement as set forth herein.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are acknowledged, the parties executing this Agreement below, intending to be legally bound, agree as follows:

ARTICLE I

DEFINITIONS

1.1 Definitions. In this Agreement, the following terms shall have the meanings set forth below when used in this Agreement with initial capital letters:

(a) "Accounting Period" shall mean, as the context may require, the period commencing on the date of this Agreement (as originally entered into) or on the day following the last day of the immediately preceding Accounting Period, and ending on the next succeeding of the following: (a) the last day of each Fiscal Year; (b) the day prior to the day as of which a current or newly-admitted Member makes a Capital Contribution to the Company, if the Percentage Interests change as a result of such Capital Contribution; (c) the date upon which the Company shall be dissolved; or (d) any day designated by the Manager as the date upon which an Accounting Period shall end.

(b) "Additional Capital Contribution" shall have the meaning set forth in Section 7.2(a) hereof.

(c) "Adjusted Basis" shall mean, as of any date of determination, the Company's adjusted basis in any asset as of such date, as determined for Federal income tax purposes pursuant to Section 1011 of the Code.

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

(e) "Agreement" shall mean this Fourth Amended and Restated Operating Agreement as amended from time to time.

(f) "Articles of Organization" shall mean the Articles of Organization of the Company filed with the New York Secretary of State on July 17, 1995, as they may from time to time be amended.

(g) "BHCA" shall mean the United States Bank Holding Company Act of 1956, as amended, and any later law, regulation or rule of similar effect.

(h) "BMO Affiliate" shall mean any Affiliate of Bank of Montreal, or any successor, subject to the BHCA or similar provisions restricting investments in non-banking organizations under the IBA.

(i) "Business Day" shall mean any day other than a Saturday, Sunday or any other day on which banks in the State of New York are required or permitted by law to be closed.

(j) "Capital Account" as of any date shall mean the Capital Contribution to the Company by a Member, adjusted as of such date pursuant to the terms of this Agreement.

(k) "Capital Call" shall have the meaning set forth in Section 7.2(a) hereof.

(l) "Capital Commitment" shall mean the obligation, with respect to any Member, of such Member to make a Capital Contribution to the Company.

(m) "Capital Contribution" shall mean any contribution by a Member to the capital of the Company in cash, property or services rendered, as the same may be reflected from time to time on Schedule A hereto.

(n) "Carrying Value" shall mean (i) with respect to any asset (other than cash) included in a Capital Contribution of a Member, the fair market value of such contributed property on the date of contribution, (ii) with respect to any property held by the Company at the time of any adjustment of Percentage Interests pursuant to Section 8.5, Section 8.6, Section 8.7 and/or Section 8.8, the fair market value of such property and (iii) with respect to any other asset, the Adjusted Basis thereof; provided, that, in the case of the foregoing clauses (i) and (ii), the Carrying Value shall be reduced, but not below zero, by all depreciation, amortization, and similar expense thereafter charged to the Members' Capital Accounts with respect to such property.

(o) "Claim" shall have the meaning set forth in Section 15.2 hereof.

(p) "Code" shall mean the Internal Revenue Code of 1986, as amended, and any successor to that Code.

(q) "Commisso Entity" shall mean, collectively, (i) Rocco B. Commisso, (ii) any Person controlled by Rocco B. Commisso and owned by Rocco B. Commisso, (iii) members of the immediate family of Rocco B. Commisso or (iv) any Person 51% of which is beneficially owned by Rocco B. Commisso and members of the immediate family of Rocco B. Commisso.

(r) "Commisso Members" shall mean (i) Rocco B. Commisso,(ii) any Person controlled by him and of which he, members of his immediate family or trusts established for the benefit of any of the foregoing are 51% equity holders; provided, that Rocco B. Commisso or such Person shall have at least a 1% Percentage Interest, and (iii) any officer, director, manager or employee of a Commisso Entity.

(s) "Commitment Period" shall mean, with respect to any Member that has a Capital Commitment, the period commencing on the date of acceptance by the Company of such Capital Commitment and extending through the second anniversary thereof, which period may, in the discretion of the Manager, be extended through the third anniversary thereof.

(t) "Company" shall refer to MEDIACOM LLC, a New York limited liability company.

(u) "Company Valuation" shall mean (1) a valuation of the Company by the Executive Committee pursuant to Section 8.7, including a Dissolution Valuation, or (2) an IPO Valuation as provided in Section 8.8(c).

(v) "Company Valuation Excess" shall have the meaning set forth in Section 8.7(b) hereof.

(w) "Credit Agreement" shall mean and include (i) that certain Second Amended and Restated Credit Agreement, dated as of June 24, 1997, among Mediacom Arizona, Mediacom Delaware, Mediacom California, the lenders party thereto and The Chase Manhattan Bank, as administrative agent, as amended, restated, modified or supplemented from time to time, including any increase, deferral, renewal, extension or refinancing thereof, (ii) that certain Credit Agreement, dated as of January 22, 1998, among Mediacom Southeast, the lenders party thereto and The Chase

Manhattan Bank, as Administrative Agent, as amended, restated, modified or supplemented from time to time, including any increase, deferral, renewal, extension or refinancing thereof, (iii) that certain Credit Agreement contemplated by a commitment letter and summary of terms from The Chase Manhattan Bank accepted by the Company in August 1999 contemplating a new $550,000,000 credit agreement among Mediacom Illinois LLC, Mediacom Indiana LLC, Mediacom Iowa LLC, Mediacom Minnesota LLC, Mediacom Wisconsin LLC and Zylstra Communications Corp., the lending institutions to be named therein and The Chase Manhattan Bank, as Administrative Agent, as such Credit Agreement may be amended, restated, modified or supplemented from time to time, including any increase, deferral, renewal, extension or refinancing thereof, and (iv) any senior credit facility entered into hereafter by the Company or any Subsidiary.

(x) "Default Rule" shall mean a rule stated in the New York Act:

(1) which structures, defines, or regulates the finances, governance, operations, or other aspects of a limited liability company organized under the New York Act, and

(2) which applies except to the extent it is negated or modified through the provisions of a limited liability company's articles of organization or operating agreement.

(y) "Dissolution Valuation" shall have the meaning set forth in Section 8.4(b) of this Agreement.

(z) "Distribution" means any cash and other property paid to a Member (in its capacity as such) by the Company.

(aa) "Excess Chase Units" shall mean, if the FCC does not, within one year from the date of closing of the U.S. Cable Acquisition, raise from five percent (5%) to ten percent (10%) the level of ownership interest required to invoke FCC cross-ownership restrictions, those Membership Units held by Chase Manhattan Capital, L.P. and CB Capital Investors, L.P. (the "Chase Entities") which cause the total number of Membership Units held by the Chase Entities to exceed four and 99/100 (4.99%) percent (or if then higher, the highest ownership position possible without invoking FCC cross ownership restrictions) of the outstanding Membership Units.

(bb) "Executive Committee" shall have the meaning set forth in Section 5.1 hereof.

(cc) "Executive Compensation" shall have the meaning set forth in Section 5.13(b) of this Agreement.

(dd) "FCC" shall mean the Federal Communications Commission or any governmental authority substituted therefor.

(ee) "Fiscal Year" shall mean the fiscal year of the Company, which shall be the year ending December 31.

(ff) "GAAP" shall mean generally accepted accounting principles applied on a consistent basis.

(gg) "IBA" shall mean the United States International Banking Act of 1978, as amended, and any later law, regulation or rule of similar effect.

(hh) "Indemnified Persons" shall have the meaning set forth in Section 15.1 of this Agreement.

(ii) "IPO", "IPO Entity", "IPO Underwriters" and "IPO Valuation" shall have the meanings set forth in Section 5.18 of this agreement.

(jj) "IPO Member Common Shares," "IPO Member Options", "IPO Option Share Quotient" and "IPO Public Common Shares" shall have the meanings set forth in Section 8.8 of this Agreement.

(kk) "Largest Member" shall have the meaning set forth in Section 5.5(b) of this Agreement.

(ll) "Loss" shall mean the taxable loss of the Company for any Fiscal Year or portion thereof, as computed for Federal income tax purposes in accordance with Section 703(a) of the Code. For this purpose, all items of income, gain, loss or deduction required to be stated separately pursuant to Section 703(a)(1) of the Code shall be aggregated, but there shall be excluded from such computation any item of income, gain, loss, or deduction which is specifically allocated.

(mm) "Management Agreement" shall mean each agreement entered into by a Subsidiary and Mediacom Management providing for certain supervisory services to be performed by Mediacom Management with respect to the Systems.

(nn) "Manager" shall mean Rocco B. Commisso and any other Member who succeeds him as a manager pursuant to this

Agreement; provided, that Rocco B. Commisso or such Person shall have at least a 1% Percentage Interest.

(oo) "Mediacom Arizona" shall mean Mediacom Arizona LLC, a Delaware limited liability company in which the Company holds a 99% equity interest.

(pp) "Mediacom California" shall mean Mediacom California LLC, a Delaware limited liability company in which the Company holds a 99% equity interest.

(qq) "Mediacom Delaware" shall mean Mediacom Delaware LLC, a Delaware limited liability company in which the Company holds a 100% equity interest.

(rr) "Mediacom Management" shall mean Mediacom Management Corporation, a Delaware corporation and Affiliate of the Manager which provides supervisory services with respect to the Systems.

(ss) "Mediacom Southeast" shall mean Mediacom Southeast LLC, a Delaware limited liability company in which the Company holds a 100% equity interest.

(tt) "Member" shall mean each Person who or which executes a counterpart of this Agreement as a Member and each Person who or which may hereafter become a party to this Agreement.

(uu) "Membership Units" shall mean units of membership interest in the Company, each such unit having a value upon issuance of $1,000, as the same may be reflected from time to time on a Schedule annexed hereto.

(vv) "Minimum Gain" shall mean "partnership minimum gain" as defined in Treasury Regulation 1.704-2(d).

(ww) "Net Agreed Value" shall mean

(I) in the case of any Capital Contribution other than cash, the fair market value of such property at the time of contribution reduced by any indebtedness secured by such property and assumed or taken subject to by the Company upon such contribution under Section 752 of the Code, and

(II) in the case of any property (other than cash) distributed to a Member, the fair market value of such property at the time of such distribution reduced by any indebtedness secured by such property and assumed or taken subject

to by such Member upon such distribution under Section 752 of the Code.

(xx) "New York Act" shall mean the New York Limited Liability Company Act.

(yy) "Nonfunding Member" shall have the meaning set forth in Section 7.2(b) hereof.

(zz) "Partner Nonrecourse Debt Minimum Gain" has the meaning set forth in Treasury Regulation 1.704-2(i)(3).

(aaa) "Percentage Interest" shall mean with respect to any Member the ratio of the Membership Units held by such Member to the aggregate number of Membership Units held by all Members, as the same may be reflected from time to time on a Schedule annexed hereto.

(bbb) "Person" shall mean any natural person, corporation, governmental forth authority, limited liability company, partnership, trust, unincorporated association or other commercial or legal entity.

(ccc) "Preferred Capital" shall mean with respect to any Member, the product of the number of Membership Units held by such Member times $1,000.00, as adjusted pursuant to Section 8.5, Section 8.6,and/or Section 8.7.

(ddd) "Preferred Return" shall mean, with respect to the Preferred Capital relating to each Membership Unit held by a Member, a cumulative return of twelve (12%) percent per annum compounded annually, such compounding to be initially in respect of (and pro rated for) the period commencing on the date of the issuance of such Membership Unit (including by virtue of Section 8.5, Section 8.6 and/or Section 8.7 of this Agreement, if applicable) and ending on the last day of the then-current Fiscal Year, and thereafter annually.

(eee) "Profit" shall mean the taxable income of the Company for any Fiscal Year or portion thereof as computed for Federal income tax purposes in accordance with Section 703(a) of the Code. For this purpose, all items of income, gain, loss, or deduction required to be stated separately pursuant to Section 703(a)(1) of the Code shall be aggregated, but there shall be excluded from such computation any item of income, gain, loss, or deduction which is specifically allocated.

(fff) "Purchase Note" shall have the meaning set forth in Section 11.1(c) of this Agreement.

(ggg) "Put" shall have the meaning set forth in Section 11.1(a) of this Agreement.

(hhh) "Put Notice" shall have the meaning set forth in Section 11.1(a) of this Agreement.

(iii) "Put Price" shall have the meaning set forth in Section 11.1(b) of this Agreement.

(jjj) "Records" shall mean:

(I) true and full information regarding the status of the business and financial condition of the Company;

(II) copies of the Company's Federal, state, and local income tax returns;

(3) a current list of the name and last known business, residence, or mailing address of each Member and the Manager;

(4) a copy of this Agreement, the Articles of Organization, and all amendments thereto, together with executed copies of any written powers of attorney pursuant to which this Agreement and the Articles of Organization and all amendments thereto have been executed;

(5) true and full information regarding the amount of cash and a description and statement of the value of any other property or services contributed by each Member and which each Member has agreed to contribute in the future, and the date on which each became a Member;

(6) a copy of each material contract entered into by the Company;

(7) minutes of the meetings of the Members;

(8) a copy of each effective registration statement and report filed with the SEC or any national securities exchange association; and

(9) other information regarding the affairs of the Company as required by an act of the Members or as is prudent and desirable in the opinion of the Manager.

(kkk) "Regulatory Allocations" shall have the meaning set forth in Section 9.3(c)(6) of this Agreement.

(lll)"Regulatory Violation" shall mean (i) with respect to any Member that is a Small Business Investment Company, a diversion of the proceeds of the investment by such Member hereunder from the reported use thereof on SBA Form 1031 delivered in connection with such Member's Capital Contribution, if such diversion was effected without obtaining the prior written consent of such Member (which may be withheld in its sole discretion) or (ii) a change in the principal business activity of the Company and its Subsidiaries to an ineligible business activity (within the meaning of the Small Business Investment Act of 1958 and the regulations issued thereunder as set forth in 13 CFR 107 and 121, as amended) if such change occurs within one year after the date hereof.

(mmm) "Second Largest Member" shall have the meaning set forth in Section 5.5(b) of this Agreement.

(nnn) "SEC" shall mean the Securities and Exchange Commission or any governmental authority substituted therefor.

(ooo) "Securities Act" shall mean the Securities Act of 1933, as amended, and any successor thereto.

(ppp) "Specified Value" shall have the meaning set forth in Section 8.5(e) of this Agreement.

(qqq) "Subject Membership Units" shall mean any Membership Units acquired by a BMO Affiliate (whether directly from the Company upon subscription or otherwise), and any Membership Units or similar interests issued or distributed with respect thereto, or in replacement thereof; provided, however, that upon an irrevocable transfer to a Person other than a BMO Affiliate or Subject Transferee, a Subject Membership Unit shall immediately cease to be a Subject Membership Unit.

(rrr) "Subject Transferee" shall mean any transferee of Subject Membership Units transferred by a BMO Affiliate or a Subject Transferee, but shall not include a transferee (1) who must obtain the approval of the Manager under Section 12.1(a) of the Agreement to become a Member with respect to such Subject Membership Units; (2) of a transfer that requires approval of the Executive Committee under Section 12.1(a) of this Agreement to be effective; or (3) in a public offering registered under the Securities Act.

(sss) "Subsidiary" shall mean each entity that operates Systems of which the Company is, directly or indirectly, the holder of the majority of equity interests.

(ttt) "System" shall mean (i) any cable distribution system that receives broadcast signals by antennae, microwave transmission, satellite transmission or any other form of transmission that amplifies such signals and distributes them via cable, and (ii) any other business from which the Company or its Subsidiaries derives revenue from telecommunications services.

(uuu) "System Cash Flow" shall mean, for any period, the sum, for the Company and its Subsidiaries (determined on a consolidated basis), of the following: (i) the gross operating revenues for such period minus (ii) all operating expenses for such period, including, without limitation, technical, programming and selling, general and administrative expenses, but excluding (to the extent included in operating expenses) income taxes, depreciation, amortization, interest expense, and any payments described in Section 5.13 of this Agreement; provided, however, that gross operating revenues and operating expenses for any period shall exclude all extraordinary and unusual items and all non-cash items.

(vvv) "Termination Event" shall mean the death, legal incapacity, resignation, removal, bankruptcy or dissolution of the Manager, unless the holders of no less than two-thirds of Membership Units elect to continue the Company.

(www) "Treasury Regulations" shall mean all proposed, temporary and final regulations promulgated under the Code as from time to time in effect.

(xxx) "Triax Acquisition" shall mean the acquisition by the Company or a Subsidiary of certain cable television systems and other assets acquired pursuant to an Asset Purchase Agreement dated as of April 29, 1999 between the Company and Triax Midwest Associates, L.P.

(yyy) "Triggering Event" is defined as the earlier to occur of:

(I) Any date upon which (a) any Member's investment in Membership Units of the Company exceeds permitted amounts under any legal restriction to which it is subject, or such Member is otherwise not permitted to hold such Membership Units, under any law, rule or regulation applicable to such Member or (b) legal restrictions are imposed on any Member which make the holding of such Membership Units or a portion thereof illegal or unduly

burdensome (in which case such Member shall have a Put Option only with respect to excess Membership Units held by such Member); or

(II) The occurrence of a Regulatory Violation, provided that no such restriction or occurrence described above shall constitute a Triggering Event if such restriction or occurrence is caused by the voluntary act of the Member with the intention to create a Triggering Event to which such restriction or occurrence applies.

(zzz) "Unfunded Capital Commitment" shall mean, for any Member at any time, the amount of such Member's Capital Commitment in excess of such Member's aggregate Capital Contributions, as the same may be reflected from time to time on Schedule C hereto; provided, however, that a Member's Unfunded Capital Commitment shall at no time exceed any amount which would result in a Triggering Event for such Member by reason of such Member making an Additional Capital Contribution pursuant to a Capital Call.

(aaaa) "Unrealized Gain" shall mean, with respect to any asset and as of any date of determination, the excess, if any, of the then current fair market value of such asset over the Carrying Value thereof as of such date.

(bbbb) "Unrealized Loss" shall mean, with respect to any asset and as of any date of determination, the excess, if any, of the then current Carrying Value of such asset over the fair market value thereof as of such date.

(cccc) "Unreturned Preferred Capital" shall mean, for any Member at any time, the excess (if any) of such Member's Preferred Capital over all amounts previously distributed to such Member pursuant to Section 8.2(a) or 8.4(b)(1).

(dddd) "Unreturned Preferred Return" shall mean, for any Member at any time, the excess (if any) of such Member's accrued Preferred Return at such time over all amounts previously distributed to such Member pursuant to Section 8.2(b) or 8.4(b)(2).

(eeee) "U.S. Cable Acquisition" shall mean the acquisition by the Company or a Subsidiary of certain cable television systems and other assets acquired pursuant to an Asset Purchase Agreement dated as of August 29, 1997 between the Company, Cablevision Systems Corporation, U.S. Cable Television Group, L.P., ECC Holding Corporation and Missouri Cable Partners, L.P.

(ffff) "Zylstra Acquisition" shall mean the acquisition by the Company or a Subsidiary of certain cable television systems and other properties acquired pursuant to a Stock Purchase Agreement dated as of May 25, 1999 between the Company, Charles Zylstra, Kara M. Zylstra and Trusts under the Will of Roger E. Zylstra, deceased,

(gggg) "1998 Valuation" shall have the meaning set forth in Section 8.5 of this Agreement.

(hhhh) "1999 Valuation" shall have the meaning set forth in Section 8.6 of this Agreement.

ARTICLE II

RELATIONSHIP OF THIS AGREEMENT TO THE DEFAULT RULES PROVIDED BY THE NEW YORK ACT AND TO THE ARTICLES OF ORGANIZATION

2.1 Relationship of this Agreement to the Default Rules Provided by the New York Act.

Regardless of whether this Agreement specifically refers to particular Default Rules:

(a) if any provision of this Agreement conflicts with a Default Rule, the provision of this Agreement controls and the Default Rule is modified or negated accordingly, and

(b) if it is necessary to construe a Default Rule as modified or negated in order to effectuate any provision of this Agreement, the Default Rule is modified or negated accordingly.

2.2 Relationship Between this Agreement and the Articles of Organization. If a provision of this Agreement differs from a provision of the Articles of Organization, then to the extent allowed by law this Agreement shall govern.

ARTICLE III

ORGANIZATION

3.1 Formation. The Company was formed as a limited liability company by the filing with the New York Secretary of State of its Articles of Organization pursuant to the New York Act.

3.2 Name. The name of the Company is MEDIACOM LLC.

3.3 Principal Place of Business. The principal place of business of the Company within the State of New York shall be 100 Crystal Run Road, Middletown, New York 10941. The Company may establish any other places of business as the Manager may from time to time deem advisable.

3.4 Term. The term of the Company shall be until December 31, 2020, unless the Company is dissolved sooner pursuant to this Agreement or the New York Act.

3.5 Purposes. The Company is formed for the purpose of acquiring, directly or through Persons in which the Company invests equity or debt, franchises to operate, and to own, invest in, design, construct, maintain, manage and operate, exchange and dispose of, one or more Systems or entities providing telecommunications services, and to do all things reasonably incidental thereto, including borrowing and lending money and securing such borrowings by mortgage, pledge, or other lien, and leasing or disposing of Systems or entities providing telecommunications services.

ARTICLE IV

MEMBERS

4.1 Names and Addresses. The names and addresses of the Members are as set forth in Schedule A to this Agreement.

4.2 Additional Members. A Person may be admitted as a Member after the date of this Agreement upon compliance with the terms of this Agreement and any other conditions imposed by the Manager from time to time for the admission of additional or substitute Members.

4.3 Books and Records. The Company shall keep the Records at its principal place of business.

4.4 Information. Each Member and its agents may inspect the Records during ordinary business hours and upon reasonable notice to the Manager at the principal place of business of the Company.

4.5 Limitation of Liability. Each Member's liability shall be limited as set forth in this Agreement, the New York Act and other applicable law. No Member shall be personally liable for any indebtedness, liability or obligation of the Company without entering into a written agreement assuming such personal liability, except that such Member shall remain personally liable for the payment of its Capital Commitment and as otherwise set forth in this Agreement, the New York Act and any other applicable law.

4.6 Priority and Return of Capital. Except as expressly set forth herein, no Member shall have priority over any other Member, whether for the return of a Capital Contribution or for Profits, Losses or a Distribution; *provided, however*, that this Section 4.6 shall not apply to loans or other obligations (as distinguished from a Capital Contribution) made by a Member or its Affiliates to or on behalf of the Company.

4.7 Liability of a Member to the Company. A Member who or which rightfully receives the return of any portion of a Capital Contribution is liable to the Company only to the extent now or hereafter provided by the New York Act. A Member who or which receives a Distribution made by the Company in violation of this Agreement or made when the Company's liabilities exceed its assets (after giving effect to such Distribution) shall be liable to the Company for the amount of such Distribution.

4.8 Financial Adjustments. No Member admitted after the date of this Agreement or making an additional Capital Contribution after the date of this Agreement shall be entitled to any retroactive allocation of losses, income or expense deductions incurred by the Company. The Manager may, in his discretion, at the time a Member is admitted or makes additional Capital Contributions, close the books and records of the Company (as though the Fiscal Year had ended) or make pro rata allocations of loss, income and expense deductions to such Member for that portion of the Fiscal Year in which such Member was admitted or makes additional Capital Contributions in accordance with the Code.

ARTICLE V

MANAGEMENT AND OPERATION OF THE COMPANY

5.1 Management. Except as otherwise provided herein, (i) the overall management and control of the business and affairs of the Company shall be vested in one Manager who shall report on certain matters to a committee of the Company (the "Executive Committee"); provided, that nothing in this Article V shall derogate from the power of the Manager and the Members to agree jointly in writing to cause the Company to act and (ii) the Manager shall exercise all powers necessary and convenient for the purposes of the Company, including those enumerated in Section 3.5 and Section 5.3, on behalf and in the name of the Company.

5.2 Number, Tenure and Qualifications of Manager. Rocco B. Commisso shall serve as the Manager, and shall hold office until his resignation or other event that terminates his membership and the qualification of his successor. Mr. Commisso or a Commisso Member then serving as Manager shall have the right to designate a Commisso Member, the chief executive officer of which is Mr. Commisso, as successor Manager without the vote or consent of the Members. Any successor Manager not appointed as described above, shall be elected by the vote or written consent of at least a majority of all Membership Units. Such successor Manager need not be a resident of the State of New York. Any Manager shall hold at least a 1% Percentage Interest in the Company.

5.3 Powers of Manager. Except as set forth in this Agreement, the Manager shall have power and authority, on behalf of the Company itself and on behalf of the Subsidiaries, to (a) purchase, lease or otherwise acquire from, or sell, lease or otherwise dispose of, to any Person any property, (b) form Subsidiaries, (c) open bank accounts and otherwise invest funds, (d) incur or guarantee indebtedness, (e) authorize a Member to guarantee indebtedness of the Company or any of the Subsidiaries in an amount or amounts in the aggregate not to exceed $10,200,000 for any Member, (f) issue additional Membership Units, (g) purchase insurance on the business and assets of the Company, (h) commence lawsuits and other proceedings, (i) enter into any agreement, instrument or other writing, (j) retain accountants, attorneys or other agents, and (k) take any other lawful action that the Manager considers necessary, convenient or advisable in connection with the business of the Company. The Manager shall have the power to cause the Company to enter into contracts with Affiliates of the Company or the Manager in respect of property, services, or credit in the ordinary course of business, but only if the monetary or business consideration arising therefrom would be comparable and

substantially as advantageous to the Company as in a comparable transaction with a Person not an Affiliate.

5.4 Binding Authority. No Person shall have any power or authority to bind the Company unless such Person has been authorized by the Manager to act on behalf of the Company in accordance with this Agreement.

5.5 Manager and Executive Committee. (a) Except where expressly provided to the contrary herein, all decisions with respect to the management and control of the Company that are duly made by the Manager shall be binding on the Company and each of the Members.

(b) The Manager has established the Executive Committee, which shall meet periodically to exchange information with respect to Company affairs. The approval of the Executive Committee shall be required to authorize certain acts or transac tions as specified in this Agreement. The Executive Committee shall have five members. The Manager shall be a member and Chairman of the Executive Committee and shall designate two additional members of the Executive Committee, one of whom may be an Affiliate of the Manager or an employee of Mediacom Management or a Subsidiary. The Member (for this purpose, a Member and each Affiliate shall be deemed one Member) having the largest number of Membership Units (for this purpose, calculated on the assumption that all Capital Commitments have been funded) (the "Largest Member") shall designate the remaining two members of the Executive Committee; provided, however, that if the Member having the second largest number of Membership Units (the "Second Largest Member") has Membership Units in excess of 50 percent of the number of Membership Units of the Largest Member, such two Members shall each designate one member of the Executive Committee. If a Commisso Member or an Affiliate thereof is then serving as Manager, in no event shall a Commisso Member be the Largest Member or the Second Largest Member. In the event that, but for the immediately preceding sentence, the Commisso Member would be either the Largest Member or the Second Largest Member, the Member having the next largest number of Membership Units will be the Largest Member or the Second Largest Member, as the case may be. Except as provided above, each Member having the right to make a designation of a representative to the Executive Committee shall have complete discretion with respect to the designation of its representative and any change in such representation shall become effective upon receipt of written notice thereof by the Company.

(c) The presence of four members of the Executive Committee shall constitute a quorum for the transaction of business

or any specified item of business requiring a vote. If a quorum shall not be present at any meeting of the Executive Committee requiring a vote, the meeting may adjourn from time to time, without notice other than announcement at the meeting, until a quorum shall be present. The Executive Committee shall act at meetings thereof duly convened and held as provided in this Agreement. Each representative shall have one vote, and, subject to Section 5.7(b), the vote of a majority of the members of the Executive Committee shall be the act of the Executive Committee.

(d) Any one or more members of the Executive Committee may participate in a meeting thereof by means of conference telephone or similar communications equipment allowing all Persons participating in the meeting to hear each other at the same time. Participation by such means shall constitute presence in person at a meeting. Any Person appointed by a Member to serve as a representative on the Executive Committee may, by an instrument in writing, authorize another member of the Executive Committee to act as such representative's proxy at any meeting or meetings or by written consent and to vote on behalf of such representative. Any action required or permitted by this Agreement to be taken by the Executive Committee may be taken if all members of such Committee consent in writing to the adoption of a resolution authorizing the action. Such resolution and the written consents thereto shall be filed with the minutes of the proceedings of the Executive Committee.

(e) Regular informational meetings of the Executive Committee may be held upon at least 24 hours notice at such time and at such place, but no less often than quarterly, as shall from time to time be determined by the Manager. Additional informational meetings shall take place as and where needed.

(f) Special meetings of the Executive Committee may be called by any member thereof on five days' notice to the other members either personally or by facsimile at such address as shall be specified in writing by each representative for purposes of notice, which notice shall specify the time, place and purpose of such meeting. Notwithstanding the foregoing, in case of exigency, special voting meetings may be called on such shorter notice, given as aforesaid or by telephone, as the Executive Committee members may agree upon.

(g) Any action taken by an Executive Committee member shall be deemed to have been duly authorized by the Member appointing such member. The resignation or removal of a member of the Executive Committee shall not invalidate any act of such member

taken before the giving of written notice of the removal or resignation of such member.

(h) Each Member designating a member of the Executive Committee, each Executive Committee member, and their respective Affiliates may have other business interests and may engage in other activities in addition to those relating to the Company. Such Persons may make direct or indirect investments in Systems or entities offering telecommunications services, provided that if such investment is not a passive one and requires management by such Person (if such Person is other than a commercial or investment bank or other financial institution), such Person shall first offer to the Company the opportunity to make the investment. The Company shall have thirty days in which to determine whether to make such investment and if it so determines, the Company shall proceed diligently to prepare a contract of purchase and sale customary for transactions of the type contemplated and to consummate the transaction. In the event such transaction is consummated, the Person, if other than the Manager or an Affiliate of the Manager, making the offer shall be reimbursed for its expenses incurred and, in addition, shall be paid one-half of the fee described in Section 5.13(a) hereof, with the other one-half of said fee being paid as set forth in Section 5.13(a). Each Member designating a member of the Executive Committee and each Executive Committee member shall incur no liability to the Company or any Member as a result of engaging in such other business interests or activities. The provisions of the second, third and fourth sentences of this Section 5.5(h) shall not apply to activities of Members subsequent to December 31, 2004.

5.6 Matters Requiring Executive Committee Report. The following matters shall be reported upon or information delivered by the Manager at the quarterly informational meetings of the Executive Committee:

(i) the general status of the business and the Systems;

(ii) copies of all projections delivered to the lenders of the Company or its Subsidiaries in connection with proposed acquisitions or refinancings by the Company or its Subsidiaries;

(iii) copies of all regular reports to management submitted by the independent auditors for the Company;

(iv) the financial status of the Company, including amounts of projected Capital Calls and the incurrence, renewal or refinancing of indebtedness for borrowed money by the Company;

(v) the status of any Subsidiary;

(vi) the status of any proposed acquisition;

(vii) the status of any litigation or any other legal or regulatory proceeding;

(viii) the engagement of counsel, independent accountants or other professional advisors; and

(ix) any matter expressly stated in this Agreement to be subject to approval of the Executive Committee.

5.7 Actions Requiring Executive Committee Approval. (a) Each member of the Executive Committee shall have one vote. The following matters shall require approval of a majority of the members of the Executive Committee and such action shall not be taken by the Company on its own behalf or on behalf of any Subsidiary, as the case may be, without such approval:

(i) individual acquisitions of Subsidiaries or Systems requiring a Capital Call exceeding $10 million or having a purchase price exceeding $40 million;

(ii) any Capital Call exceeding $8 million not involving an acquisition;

(iii) financing transactions increasing the aggregate indebtedness of the Company and its Subsidiaries by $40 million or more;

(iv) dispositions of properties having a sale price exceeding $40 million;

(v) a single transaction or proposed set of similar transactions with Affiliates of the Manager or the Company exceeding $1 million other than as permitted in Section 5.13 of this Agreement.

(vi) offerings of Membership Units or other equity interests in the Company, and any amendments to this Agreement necessary or desirable to complete the offering;

(vii) the determination of the equity value of the Company upon the occurrence of certain events as described in and pursuant to Section 8.5 of this Agreement;

(viii) except as set forth in Section 12.1(a) of this Agreement, proposed transfers by Members of Membership Units exceeding 5,000;

(ix) the resolution of conflicts of interest between the Company and any Affiliate of the Company, including the Manager;

(x) the merger or consolidation of the Company with or into any other business entity;

(xi) (A) the voluntary commencement of any proceeding or the voluntary filing of any petition seeking relief under any bankruptcy, insolvency, receivership or similar law, (B) the consent to the institution of, or causing the Company to fail to contest in a timely and appropriate manner, any involuntary proceeding or any involuntary filing of any petition of the type described in subclause (A) above, (C) the application for or consent to the appointment of a receiver, trustee, custodian, sequestrator, conservator or similar official for the Company or for a substantial part of the property or assets of the Company, (D) the filing of an answer admitting the material allegations of a petition filed against the Company in any such proceeding, (E) the consent to any order for relief issued with respect to any such proceeding, (F) the making of a general assignment for the benefit of creditors, (G) the admission in writing the inability of the Company or causing the Company to fail generally to pay its debts as they become due or (H) the taking of any action for the purpose of effecting any of the foregoing; or

(xii) any other matter expressly stated in this Agreement to be subject to approval of the Executive Committee.

(b) An Executive Committee member shall not be obligated to abstain from voting on any matter (or vote in any particular manner) because of any interest (or conflict of interest) of such representative or the Member designating such representative (or any Affiliate thereof) in such matter; *provided, however*, that (i) the interest (or conflict of interest) of such representative, Member or Affiliate is disclosed to the other representatives prior to any vote; and (ii) the monetary or

business consideration arising in connection with the proposed transaction would be comparable and substantially as advantageous to the Company as in a comparable transaction with a Person not an Affiliate. Such matter shall not be approved by the Executive Committee without the affirmative vote of at least 50% of the Executive Committee members not having any interest (or conflict of interest) in such matter.

(c) Nothing contained in this Section 5.7 shall be construed as limiting the authority of the Manager, acting alone in his sole discretion, to take certain actions, and cause the company and/or the Members to take certain actions, in connection with an IPO of the Company as provided by Section 5.18.

5.8 Expansion of Executive Committee. In the event:

(a) of the bankruptcy, death, dissolution, removal, legal incapacity or resignation of the Manager or the occurrence of any other event that terminates the membership of the Manager;

(b) that the Manager for any reason is no longer the chief executive officer and controlling shareholder of Mediacom Management while any Management Agreement is in effect;

(c) that the Company has not disposed of its assets and redeemed the Membership Units of the non-Commisso Members within two years of the date on which the Members have approved a disposition pursuant to Section 6.8 of this Agreement; or

(d) that the System Cash Flow for any two consecutive fiscal quarters is less than 80 percent of the projected System Cash Flow for such periods in the projections most recently submitted by the Company to lenders of the Company or its Subsidiaries in connection with proposed acquisitions or refinancings by the Company or its Subsidiaries and reported to the Executive Committee under clause (ii) of Section 5.6 of this Agreement;

then, the number of representatives on the Executive Committee shall be increased to seven. The Commisso Members shall designate three members and the non-Commisso Members shall have the right to designate four members of the Executive Committee. The Largest Member shall designate the additional two members of the Executive Committee; *provided, however*, that if the Second Largest Member has Membership Units in excess of fifty percent (50%) of the number of Membership Units of the Largest Member, such two Members shall each designate one additional member of the Executive Committee. If any Member having the right to designate a member of the Executive

Committee fails to do so, such right shall apply to the Member that has, together with its Affiliates, the next largest number of Membership Units that has not designated a member of the Executive Committee. The quorum for a meeting of the expanded Executive Committee shall be four. The matters requiring approval of the Executive Committee pursuant to Section 5.7 hereof based upon dollar value shall be expanded to include all matters involving fifty (50%) percent or more of the dollar values set forth in Section 5.7. The size and approval rights of the Executive Committee shall continue as set forth in this Section 5.8 for so long as the conditions described in clauses (a), (b) or (c) above continue. The size and approval rights of the Executive Committee resulting from a condition described in clause (d) above shall continue as set forth in this Section 5.8 until the System Cash Flow for two consecutive fiscal quarters exceeds 80 percent of the projected System Cash Flow provided by the Company to lenders of the Company or its Subsidiaries in connection with proposed acquisitions or refinancings by the Company and reported to the Executive Committee under clause (ii) of Section 5.6 of this Agreement.

5.9 Liability for Certain Acts. The Manager shall perform his duties in good faith, in a manner he reasonably believes to be in the best interests of the Company and with such care as an ordinarily prudent person in a similar position would use under similar circumstances. A Manager who so performs such duties shall not have any liability by reason of being or having been a Manager. The Manager shall not be liable to the Company or any Member for any loss or damage sustained by the Company or any Member, unless the loss or damage shall have been the result of the gross negligence or willful misconduct of such Manager. Without limiting the generality of the preceding sentence, a Manager does not in any way guaranty the return of any Capital Contribution to a Member, or the distribution of the Preferred Return or any profit for the Members from the operations of the Company.

5.10 No Exclusive Duty to Company. The Manager shall not be required to manage the Company as his sole and exclusive function and may have other business interests and may engage in other activities in addition to those relating to the Company; *provided*, that the Manager shall be actively involved in, and shall devote substantially all of his business time to, the management of the business and operations of the Company and its subsidiaries (it being understood that if the Manager is a Commisso Entity of which Rocco B. Commisso is the chief executive officer, the aforesaid undertaking as to devotion of substantially all of his business time shall continue to apply to Mr. Commisso). The Manager may make direct or indirect investments in Systems, or entities

offering telecommunications services, provided that if such investment is not a passive one and requires management by a Commisso Member, the Manager shall first offer to the Company the opportunity to make the investment. The Manager shall incur no liability to the Company or any Member as a result of engaging in such other business interests or activities.

5.11 Resignation. The Manager may resign at any time by giving written notice to the Company. The resignation of any Manager shall take effect upon the qualification of a successor Manager pursuant to Section 5.2. Unless otherwise specified in such notice, the acceptance of the resignation shall not be necessary to make it effective. The resignation of a Manager who is also a Member shall not affect the Manager's rights as a Member and shall not constitute a withdrawal of a Member.

5.12 Removal. The Manager may be removed or replaced in the event of his gross negligence or willful misconduct by the vote or written consent of the holders of at least two thirds of the Membership Units. In determining the vote of Membership Units outstanding for purposes of the first sentence of this Section 5.12, Membership Units held by the Manager shall not be included. The removal of a Manager who is also a Member shall not affect the Manager's rights as a Member and shall not constitute a withdrawal of such Member.

5.13 Compensation. The Manager or an Affiliate thereof (including Mediacom Management) performing services for the Company, any Subsidiary, or any other Person in which the Company directly or indirectly invests shall be compensated for such services as follows:

(a) reimbursement for reasonable out-of-pocket expenses incurred in connection with (i) the operation of the business of the Company and its Subsidiaries, including without limitation, travelling to and visiting the Systems of the Company and its Subsidiaries, and (ii) investigating, analyzing, negotiating or otherwise acting for or on behalf of the Company or its subsidiaries in connection with any potential acquisition by the Company or its Subsidiaries of a System; *provided, however*, that no such reimbursement shall be made for (x) compensation, including salaries, withholding taxes, unemployment insurance contributions, pension, health and other benefits of executive management personnel (all such compensation being herein collectively called

"*Executive Compensation*") or (y) overhead allocated in respect of the executive management of the business or operations of the Company or any of its subsidiaries, including

rent, utilities, telephone and telecopy charges, furniture, fixtures and the like; and

(b) an ongoing annual management fee (in the aggregate for the Manager and all of his Affiliates) of two (2.0%) percent of the consolidated annual gross operating revenues of the Company and its Subsidiaries, such fee to be substantially on the terms set forth in the Management Agreement between each Subsidiary and Mediacom Management, subject to any restrictions or limitations of any loan agreements to which such Subsidiary is a party as a borrower, it being understood that neither the Company nor any of its Subsidiaries shall pay compensation to any executive management personnel (or pay any Person, other than Mediacom Management, in respect of executive management personnel or matters, for the Company or any of its Subsidiaries), it being the intention of the parties hereto that the compensation of all executive management personnel required in connection with the business or operations of the Company and its Subsidiaries shall be paid by Mediacom Management (and that the Executive Compensation for such employees shall be covered by the fees described in this Section 5.13). Various portions of the fee described in this Section 5.13(c) may be paid by the Company and the Subsidiaries, but the aggregate of such fees paid by the Company and the Subsidiaries shall not exceed the amounts described hereinabove.

For purposes hereof, "executive management personnel" shall not include any individual (such as a system or regional employee) who, other than for minimal duties, is employed principally in connection with the day-to-day management and operations of one or more Systems or one or more geographic regions of the Company or its Subsidiaries.

Except as described in this Section 5.13, neither the Company nor any of its Subsidiaries shall pay, or reimburse any Person for paying, any fees or expenses (including out-of-pocket expenses or allocated overhead), in respect of the executive management of the business or operations of the Company or any of its Subsidiaries. As of the date hereof, no compensation is due or payable to the Manager or any Affiliate of the Manager with respect to any revenues or transaction(s) occurring during any period ending on or before the closing of the Triax Acquisition.

5.14 Officers. The Manager may designate one or more individuals as officers of the Company and its Subsidiaries, who shall have such titles and exercise and perform such powers and duties as shall be assigned to them from time to time by the Manager. Any officer may be removed by the Manager at any time, with or without cause. Each officer shall hold office until his or

her successor is elected and qualified. Any number of offices may be held by the same individual. The salaries and other compensation of the officers shall be fixed by the Manager. Officers of the Company shall hold the same office in each Subsidiary. Each Subsidiary may have additional officers as necessary or desirable for the purpose of local management of Systems.

5.15 Certain Covenants of the Manager and the Members. Anything herein to the contrary notwithstanding: (i) other than in connection with an acquisition under the terms of which the seller shall retain an ownership interest in the acquired System or entity providing telecommunications services, at least 99% of the aggregate equity interests in Mediacom California, Mediacom Arizona, Mediacom Delaware and Mediacom Southeast shall at all times be owned directly by the Company; (ii) other than in connection with an acquisition under the terms of which the seller shall retain an ownership interest in the acquired System or entity providing telecommunications services, each Subsidiary other than Mediacom California, Mediacom Arizona, Mediacom Delaware and Mediacom Southeast shall be directly or indirectly wholly-owned by the Company; (iii) other than in connection with an acquisition under the terms of which the seller shall retain an ownership interest in the acquired System or entity providing telecommunications services, each System or Subsidiary acquired directly or indirectly by the Company after the date hereof shall be wholly-owned by the Company and/or one or more of its Subsidiaries; (iv) the terms of each Management Agreement currently in effect shall remain in full force and effect; (v) each acquired System or new Subsidiary, as appropriate, shall enter into a Management Agreement in the form of, and providing for the compensation set forth in, Section 5.13 of this Agreement; (vi) the Manager shall cause the Commisso Members to hold directly or indirectly at least 3,300 Membership Units for so long as any Commisso Member is Manager; and (vii) the Company and its Subsidiaries shall not enter into any loan or other agreement with respect to indebtedness that would prohibit performance of its obligations under this Agreement or that would cause performance of its obligations under this Agreement to result in a default (or, except with respect to a refinancing, an obligation to prepay any indebtedness) under any other agreement providing for indebtedness of the Company.

5.16 Manager's Right of First Offer.

(a) In the event the Executive Committee or the Members determine to sell one or more Systems or entities providing telecommunications services, one or more Subsidiaries, or the

Company's assets, the Company shall grant to the Manager and his Affiliates the right of first offer with respect to such properties.

(b) Within 30 days of a determination to sell, the Manager shall have the right to present to the Members an offer including the purchase price and the other substantive terms and conditions of the offer.

(c) 30 days after delivery of the Manager's offer to the Members, the Company shall hold a meeting at which a vote of the majority of the Membership Units not held by the Commisso Members shall accept or reject the offer.

(d) If the Manager's offer is accepted, the Company (acting through the Executive Committee) and the Manager (acting on behalf of the buyer) shall proceed diligently to prepare a contract of purchase and sale customary for transactions of the type contemplated and to consummate the transaction on the terms and conditions of the accepted offer.

(e) If the Manager's offer is rejected, the members of the Executive Committee that do not have conflicts of interest (or a committee designated by such members of the Executive Committee) shall for a period of 120 days proceed diligently to solicit in a commercially reasonable manner offers from prospective buyers, which may include any Member or its Affiliates.

(f) If within such 120-day period the Company receives a *bona fide* offer from a qualified buyer on terms at least as favorable as the Manager's offer and providing for a purchase price (net of brokerage commissions) of not less than 105% of the Manager's offer for the offered properties, the members of the Executive Committee who conducted the bidding process (or committee appointed by such members) shall proceed diligently on behalf of the Company to negotiate a contract of purchase and sale customary for transactions of the type contemplated and to consummate the transaction on the terms and conditions of the accepted offer. If no such offer is received or the Company is unable to negotiate a contract of purchase and sale on terms acceptable to the Company, the members of the Executive Committee that conducted the bidding process shall either (i) accept the Manager's offer and proceed as set forth in Section 5.16(d) above, or (ii) reject the Manager's offer and the Company shall continue to operate the System or entity unless the sale was being conducted as a result of a vote of the Members under Section 6.8(b), in which event the Company and the Manager shall proceed as set forth in Section 5.16(d) above.

(g) If for any reason a sale to a third party is not completed, the sale of such properties shall again be subject to the terms of this Section 5.16.

5.17 Actions of the Manager. The parties hereto and the Executive Committee have ratified and approved the Asset Purchase Agreement dated June 24, 1998 among Mediacom Southeast LLC, Mediacom, Bootheel Video, Inc. and CSC Holdings; the Asset Purchase Agreement dated April 29, 1999 between Mediacom and Triax Midwest Associates, L.P.; the Stock Purchase Agreement dated May 25, 1999 among Mediacom, Charles D. Zylstra, Kara M. Zylstra and Trusts created under the Will dated June 3, 1982 of Roger E. Zylstra, deceased, for the benefit of Charles D. Zylstra and Kara M. Zylstra; the issuance and sale of $125,000,000 aggregate principal amount of 7-7/8% senior notes due February 15, 2011 in a private offering pursuant to Rule 144A under the Securities Act on February 26, 1998, the subsequent exchange of such notes for senior notes registered under the Securities Act pursuant to an exchange offer expiring October 12, 1999, the making of such exchange offer and the filing of the related registration statement; the entering into of a $550,000,000 Credit Agreement dated as of September 30, 1999 by Mediacom Southeast LLC, Mediacom California LLC, Mediacom Delaware LLC and Mediacom Arizona LLC with the lending institutions named therein and The Chase Manhattan Bank, as Administrative Agent; the Certificate of Formation and Operating Agreement of Mediacom Illinios LLC; the Certificate of Formation and Operating Agreement of Mediacom Indiana LLC; the Certificate of Formation and Operating Agreement of Mediacom Iowa LLC; the Certificate of Formation and Operating Agreement of Mediacom Minnesota LLC; the Certificate of Formation and Operating Agreement of Mediacom Wisconsin LLC; the Management Agreements between Mediacom and each of Mediacom Iowa LLC, Mediacom Indiana LLC, Mediacom Minnesota LLC, Mediacom Wisconsin LLC and Zylstra Communications Corp.; and Mediacom's acceptance in August 1999 of a commitment letter and summary of terms from The Chase Manhattan Bank contemplating a new $550,000,000 credit agreement among Mediacom Illinois LLC, Mediacom Indiana LLC, Mediacom Iowa LLC, Mediacom Minnesota LLC, Mediacom Wisconsin LLC and Zylstra Communications Corp., the lending institutions to be named therein and The Chase Manhattan Bank, as Administrative Agent, and the entry into of the credit agreement contemplated by such commitment letter and summary of terms.

5.18 Organizational and Other Changes in Connection with Initial Public Offering.

(a) In connection with a determination by the Manager to cause the Company to effect an initial public offering of its equity securities (an "IPO"), the Manager may (i) form a corporation or other entity under the laws of any state that the Manager deems appropriate ("IPO Entity") and (ii) (A) cause the Company to transfer to such IPO Entity assets of the Company, and have such IPO Entity assume liabilities of the Company (whether effected through a merger or otherwise) or (B) cause the Members to transfer their Membership Units to such IPO Entity; it being understood that in the event of an IPO, no Member shall have any further rights under this Agreement, except as expressly provided herein, except that all Members shall continue to have registration rights under the existing Registration Rights Agreement, including one demand per year for at least $50 million and unlimited piggyback registration rights as provided therein. *Notwithstanding the foregoing*, the Manager may not, without the approval of the Executive Committee and Members, including the Commisso Members, owning at the time at least two-thirds of the Membership Interests, proceed with an IPO unless the IPO Valuation is at least $700 million and the net proceeds from the IPO Public Common Shares total not less than $150 million nor greater than $450 million. Subject to the foregoing, each Member of the Company shall take such steps to effect the IPO as may be requested by the Manager, including, without limitation, consenting to and/or voting in favor of any necessary or desirable recapitalization, reorganization or exchange and transferring such Member's interests in the Company to such IPO Entity in connection with any such recapitalization, reorganization or exchange involving equity interests of such IPO entity; *provided, however*, that no Member shall be required to take any action or omit to take any action to the extent such action or inaction would violate applicable law or create a materially negative tax impact on the Member (other than recognition of income or gain to the extent of a negative tax basis capital account).

(b) In connection with the decision to effect an IPO, regardless of whether the Company is continued as a limited liability company, the Manager's right of first offer under Section 5.16 and the compensation of the Manager under Section 5.13 (including, but not limited to, management fees under Section 5.13(b)) shall be terminated in connection with the closing of the IPO and thereafter the management and operation of the Company shall be conducted by the IPO Entity at its sole cost and expense,

it being understood that the Manager shall not be entitled to any equity interest in the IPO Entity for, or on account of, the relinquishment of such rights under Section 5.13. In addition, the Manager shall retain valuation experts, which may be one or more members of the underwriting group (the "IPO Underwriters") or the lead IPO Underwriter engaged by the Company in connection with the IPO, to value the Company (the "IPO Valuation") and, with the assistance of such valuation experts, shall determine a uniform equity and economic structure for the IPO Entity, including, but not limited to, a structure which includes common equity interests in the IPO Entity and options to acquire such common equity interests and/or a structure in which it may be advisable for tax or business reasons for new or existing investors to acquire or retain their equity interest in the Company as a limited liability company; provided, however, that any such equity structure shall be consistent with the structure set forth in Section 8.8 below, which, as contemplated by Section 5.18 of the Third Amended and Restated Operating Agreement, affords to the Commisso Members (in their capacity as Members, but not in their capacity as Manager) the then present value of the allocation, distribution and valuation provisions and other economic benefits of this Agreement that apply only to the Commisso Members and their Affiliates. The Manager shall also determine, with the assistance of such valuation experts: a voting structure for shares of the IPO Entity, including multiple classes of voting shares that are weighted to allow the Manager to have and maintain voting control of the IPO Entity; a managerial and executive control structure for the IPO entity which, at such time, affords to the Executive Committee, as then in effect, and to the Manager and its Affiliates the same managerial and executive rights, powers and duties in effect under this Agreement at the time of the IPO; and appropriate by-laws and other organizational documents for the IPO Entity which shall supercede the terms of this Agreement regarding governance of the Company and other matters covered thereby from and after the time the IPO Entity becomes a public company.

ARTICLE VI

MEETINGS OF MEMBERS

6.1 Meetings. Commencing in 1998, an annual meeting of the Members shall be held during the second quarter of each Fiscal Year of the Company and at such other times as shall be determined by the Manager for the purpose of the transaction of any business as may come before such meeting.

6.2 Special Meetings. Special meetings of the Members, for any purpose or purposes, may be called by the Manager, the Executive Committee or by Members holding 25 percent or more of the Percentage Interests.

6.3 Place of Meetings. Meetings of the Members may be held at any place, within or outside the State of New York, for any meeting of the Members designated in any notice of such meeting. If no such designation is made, the place of any such meeting shall be the principal office of the Company.

6.4 Notice of Meetings. Written or oral notice stating the place, day and hour of the meeting indicating that it is being issued by or at the direction of the Person or Persons calling the meeting, stating the purpose or purposes for which the meeting is called shall be delivered no fewer than five nor more than sixty days before the date of the meeting.

6.5 Record Date. For the purpose of determining the Members entitled to notice of or to vote at any meeting of Members or any adjournment of such meeting, or Members entitled to receive payment of any Distribution, or to make a determination of Members for any other purpose, the date on which notice of the meeting is mailed or the date on which the resolution declaring Distribution is adopted, as the case may be, shall be the record date for making such a determination. When a determination of Members entitled to vote at any meeting of Members has been made pursuant to this Section, the determination shall apply to any adjournment of the meeting.

6.6 Quorum. Members holding not less than a majority of all Membership Units, represented in person or by proxy, shall constitute a quorum at any meeting of Members. In the absence of a quorum at any meeting of Members, a majority of the Membership Units so represented may adjourn the meeting from time to time for a period not to exceed sixty days without further notice. However, if the adjournment is for more than sixty days, or if after the adjournment a new record date is fixed for the adjourned meeting, a notice of the adjourned meeting shall be given to each Member of record entitled to vote at such meeting. At an adjourned meeting at which a quorum shall be present or represented, any business may be transacted that might have been transacted at the meeting as originally noticed. The Members present at a meeting may continue to transact business until adjournment, notwithstanding the withdrawal during the meeting of Membership Units whose absence results in less than a quorum being present.

6.7 Manner of Acting. If a quorum is present at any meeting, the vote or written consent of Members holding not less than a majority of Membership Units shall be the act of the Members unless the vote of a greater or lesser proportion or number is otherwise required by the New York Act, the Articles of Organization or this Agreement.

6.8 Actions Requiring Approval of the Members. The following matters shall require approval of Members holding no less than two-thirds of the Membership Units entitled to vote and such action shall not be taken by the Company on its own behalf or on behalf of any Subsidiary, as the case may be, without such approval:

(a) the disposition of substantially all of the assets of the Company on or prior to December 31, 2004 (for which the Manager's approval shall also be necessary except when the Members have not elected to continue the business of the Company following the bankruptcy, dissolution, death, legal incapacity, removal or resignation of the Manager);

(b) the disposition of substantially all of the assets of the Company after December 31, 2004;

(c) the amendment of this Agreement (other than as set forth in Section 16.2 of this Agreement);

(d) a material change to the business purposes of the Company;

(e) offerings of Membership Units or other equity interests in the Company pursuant to Section 5.18 of this Agreement, and any amendments to this Agreement necessary or desirable to complete the offering; and

(f) the continuation of the business of the Company following the bankruptcy, dissolution, death, legal incapacity, removal or resignation of the Manager.

6.9 Proxies.

(a) A Member may vote in person or by proxy executed in writing by the Member or by a duly authorized attorney-in-fact.

(b) Every proxy must be signed by the Member or its attorney-in-fact. No proxy shall be valid after the expiration of eleven months from the date thereof unless otherwise provided in

the proxy. Every proxy shall be revocable at the pleasure of the Member executing it, except as otherwise provided in this Section.

(c) Except when other provision shall have been made by written agreement between the parties, the record holder of a Membership Unit which he, she or it holds as pledgee or otherwise as security or which belongs to another, shall issue to the pledgor or to such owner of such Membership Unit, upon demand therefor and payment of necessary expenses thereof, a proxy to vote or take other action thereon.

(d) A proxy which is entitled "irrevocable proxy" and which states that it is irrevocable, is irrevocable when it is held by (i) a pledgee, (ii) a Person who has purchased or agreed to purchase the Membership Units, (iii) a creditor or creditors of the Company which extend or continue credit to the Company in consideration of the proxy if the proxy states that it was given in consideration of such extension or continuation of credit, the amount thereof, and the name of the Person extending or continuing credit, (iv) a Person who has contracted to perform services as an officer of the Company, if a proxy is required by the contract of employment, if the proxy states that it was given in consideration of such contract of employment, the name of the employee and the period of employment contracted for, or (v) a nominee of any of the Persons described in clauses (i)-(iv) of this sentence.

(e) Notwithstanding a provision in a proxy stating that it is irrevocable, the proxy becomes revocable after the pledge is redeemed, or the debt of the Company is paid, or the period of employment provided for in the contract of employment has terminated and, in a case provided for in Section 6.9(d)(iii) or (iv) of this Agreement, becomes revocable three years after the date of the proxy or at the end of the period, if any, specified therein, whichever period is less, unless the period of irrevocability is renewed from time to time by the execution of a new irrevocable proxy as provided in this Section. This paragraph does not affect the duration of a proxy under paragraph (b) of this Section.

(f) A proxy may be revoked, notwithstanding a provision making it irrevocable, by a purchaser of a Membership Unit without knowledge of the existence of such proxy.

6.10 Action by Members Without a Meeting.

(a) Whenever the Members of the Company are required or permitted to take any action by vote, such action may be taken without a vote following ten days' prior written notice to all Members, if a consent or consents in writing, setting forth the action so taken shall be signed by the Members who hold the voting interests having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all of the Members entitled to vote therein were present and voted and shall be delivered to the office of the Company, its principal place of business or a Manager, employee or agent of the Company having custody of the Records. Delivery made to the office of the Company shall be by hand or by certified or registered mail, return receipt requested.

(b) Every written consent shall bear the date of signature of each Member who signs the consent, and no written consent shall be effective to take the action referred to therein unless, within sixty days of the earliest dated consent delivered in the manner required by this Section 6.10 to the Company, written consents signed by a sufficient number of Members to take the action are delivered to the Company at its principal place of business or directly to a Manager, employee or agent of the Company having custody of the records of the Company. Delivery made to such principal place of business of the Company or to such Manager, employee or agent shall be by hand or by certified or registered mail, return receipt requested.

(c) Prompt notice of the taking of the action without a meeting by less than unanimous written consent shall be given to each Member who has not consented in writing but which would have been entitled to vote thereon had such action been taken at a meeting.

6.11 Waiver of Notice. Notice of a meeting need not be given to any Member who submits a signed waiver of notice, in person or by proxy, whether before or after the meeting. The attendance of any Member at a meeting, in person or by proxy, without protesting prior to the conclusion of the meeting the lack of notice of such meeting, shall constitute a waiver of notice by such Member.

6.12 Voting Agreements. An agreement between two or more Members, if in writing and signed by the parties thereto, may provide that in exercising any voting rights, the Membership Units held by them shall be voted as therein provided, or as they may

agree, or as determined in accordance with a procedure agreed upon by them.

ARTICLE VII

CAPITAL CONTRIBUTIONS

7.1 Capital Contributions. Each Member has contributed the amount set forth in Schedule A to this Agreement as the Capital Contribution to be made by such Member.

7.2 Capital Contributions and Capital Calls; Allocations.

(a) At any time and from time to time during a Commitment Period with respect to any Member while there is an Unfunded Capital Commitment with respect to such Member, the Manager may make capital calls with respect to all or any portion of not less than five (5%) percent of such Member's Unfunded Capital Commitment (each, a "Capital Call"). All Capital Calls shall be issued pro rata to all Members having Unfunded Capital Commitments in proportion to their respective Unfunded Capital Commitments except as noted in the following sentence. If legal or regulatory restrictions applicable to a Member result in or, in the Manager's judgment, can reasonably be expected to result in a Member's acquisition of additional Membership Units being or becoming illegal, (i) the Manager may limit or otherwise condition or elect not to make a Capital Call to such Member and (ii) the Manager, on behalf of the Company, and the affected Member may elect to terminate such Member's Unfunded Capital Commitment. A Capital Call shall specify the date (which shall be no earlier than 10 business days following the Capital Call), place and amount of the required contribution (each such contribution, an "Additional Capital Contribution"). Each Member having Unfunded Capital Commitments agrees to comply with the terms of each Capital Call.

(b) In the event a Member fails to make an Additional Capital Contribution as and when due (a "Nonfunding Member"), the Manager will send notice of such default to such Nonfunding Member demanding the payment of the Additional Capital Contribution together with interest at the prime commercial lending rate of interest of The Chase Manhattan Bank plus five (5%) percent. If the Nonfunding Member fails to remit the Additional Capital Contribution and interest thereon within 15 days of the date of the notice and demand, the Manager may proceed at law for damages or at equity for specific performance of such defaulting Member's obligations. Each Member agrees that it shall be liable for consequential damages to the Company arising from the lack of timely payment of an Additional Capital Contribution. In addition,

the Nonfunding Member will be deemed to have forfeited its rights to vote, to receive Distributions and to designate any representative to the Executive Committee. Further, the Company shall have the option to acquire the Membership Units of the Nonfunding Member for fifty (50%) percent of the equity value most recently determined under Section 8.5 of this Agreement, less the interest accrued on the Unfunded Capital Commitment, the costs of attempted collection, and the costs in connection with acquiring the Membership Units. Upon exercise of the option, the interest of the Member shall terminate.

7.3 Capital Accounts. A Capital Account shall be maintained for each Member in accordance with Section 9.2.

7.4 Transfers. Upon a permitted sale or other transfer of Membership Units in the Company, the Capital Account relating to such transferred Membership Units shall become the Capital Account of the Person to which or whom such Membership Units are sold or transferred in accordance with Section 9.2(e).

7.5 Modifications. The manner in which Capital Accounts are to be maintained pursuant to this Agreement is intended to comply with the requirements of Section 704(b) of the Code. If in the opinion of the Manager, on the advice of the Company's accountants, the manner in which Capital Accounts are to be maintained pursuant to this Agreement should be modified to comply with Section 704(b) of the Code, then the method in which Capital Accounts are maintained shall be so modified; *provided, however*, that any change in the manner of maintaining Capital Accounts shall not materially alter the economic agreement between or among the Members as expressed in this Agreement without the consent of each Member.

7.6 Deficit Capital Account. Except as otherwise required in the New York Act or this Agreement, no Member shall have any liability to restore a deficit balance in a Capital Account, in excess of the amount of any indebtedness of the Company for which such Member is liable. Any Member liable for indebtedness of the Company shall be liable to restore the lesser of its deficit Capital Account or the amount of indebtedness of the Company for which such Member is liable. Such restoration shall be made at the time of dissolution of the Company.

7.7 Withdrawal or Reduction of Capital Contributions. A Member shall not receive from the Company any portion of a Capital Contribution until all indebtedness, liabilities of the Company, except any indebtedness, liabilities and obligations to Members on account of their Capital Contributions, have been paid

or there remains property of the Company, in the sole discretion of the Manager, sufficient to pay them. A Member, irrespective of the nature of the Capital Contribution of such Member, has only the right to demand and receive cash in return for such Capital Contribution.

7.8 No Rights of Redemption or Return of Contribution. Except as provided in this Agreement, no Member has a right to have its Membership Units redeemed or its Capital Contributions returned prior to the dissolution of the Company.

ARTICLE VIII

PROFITS, LOSSES AND DISTRIBUTIONS; ADJUSTMENTS FOR THE ISSUANCE OF MEMBERSHIP UNITS

8.1 Allocation of Profits and Losses.

(a) Profits for each Accounting Period shall be allocated among the Members as follows:

(1) First, to the Members with deficit Capital Account balances at the end of such Accounting Period (but prior to any allocation of Profits pursuant to this Section 8.1(a)), in proportion to such deficits, until such deficits are reduced to zero;

(2) Second, the amount by which the Members' aggregate Unreturned Preferred Capital exceeds the aggregate of their Capital Account balances at the end of such Accounting Period (after the allocation of Profits provided for in Section 8.1(a)(1), but prior to any other allocations of Profits pursuant to this Section 8.1(a)), shall be apportioned among the Members so as to first make Members' Capital Accounts correspond to their Percentage Interests and thereafter in proportion with their Percentage Interests;

(3) Third, the amount by which (i) the sum of the Members' aggregate Unreturned Preferred Capital and their aggregate Preferred Return exceeds (ii) the aggregate of their Capital Account balances at the end of such Accounting Period (after the allocation of Profits provided for in Sections 8.1(a)(1) and 8.1(a)(2), but prior to any other allocations of Profits pursuant to this Section 8.1(a)), shall be apportioned among the Members so as to first make Members' Capital Accounts correspond to their Percentage Interests and thereafter in proportion with their Percentage Interests;

(4) Fourth, to the Commisso Members in proportion to their Percentage Interests until amounts credited to the Capital Accounts of the Commisso Members pursuant to this clause (4) for the current and all previous Accounting Periods equals 25% of the amount credited to Capital Account balances of the Members, including the Commisso Members, for the current and all previous Accounting Periods pursuant to clause (3) above, *provided, however*, that following the Carried Interest Conversion Valuation described in Section 8.7(b)(2) below, the amounts credited to the capital accounts of the Commisso Members under this clause (3) shall be reduced to 11.111% of the amount credited to Capital Account balances of the Members, including the Commisso Members, for all Accounting Periods following such Valuation; and

(5) The balance, 80% to the Members (including the Commisso Members) in proportion to their Percentage Interests and 20% to the Commisso Members in proportion to their respective Membership Units, *provided, however*, that following the Carried Interest Conversion Valuation described in Section 8.7(b)(2) below, the balance shall be allocated 90% to the Members (including the Commisso Members) in proportion to their Percentage Interests and 10% to the Commisso Members in proportion to their respective Membership Units.

(b) Losses for each Accounting Period (other than as set forth in Section 8.1(c) below) shall be allocated among the Members as follows:

(1) First, ninety-nine (99%) percent to the Commisso Members with positive Capital Account balances at the end of such Accounting Period (but prior to any allocation of Losses pursuant to this Section 8.1(b)(1)), in the aggregate amount (from the inception of the Company) of $3,245,000, and one (1%) percent to the remaining Members with positive Capital Account balances at the end of such Accounting Period (but prior to any allocation of Losses pursuant to this Section 8.1(b)(1)) in proportion to such positive Capital Account balances;

(2) Second, to any Members that have guaranteed a liability for indebtedness of the Company or any of its Subsidiaries, in the aggregate amount (from the inception of the Company) of the indebtedness so guaranteed, in proportion to the respective sums of each such Member's Capital Account balances at the end of such Accounting Period (after the allocation of Losses provided for in Section 8.1(b)(1) but prior to any other allocation of Losses pursuant to this Section 8.1(b));

(3) Third, to any Members with positive Capital Account balances at the end of such Accounting Period (after the allocation of Losses provided for in Section 8.1(b)(1) and 8.1(b)(2) but prior to any other allocation of Losses pursuant to this Section 8.1(b)), in proportion to such positive balances, until such positive balances are reduced to zero; and

(4) The balance, in proportion with the Members' Percentage Interests.

(c) With respect to the calendar year ending December 31, 1998, after the allocations set forth in clauses (1) and (2) above, and prior to the allocations set forth in clauses (3) and (4) above, up to $2,500,000 of Losses shall be allocated to the Largest Member. With respect to the calendar year ending December 31, 1998, all other allocations of Losses set forth in Section 8.1(b) shall apply.

8.2 Distributions. All Distributions other than Distributions pursuant to Section 8.4 hereof shall be made in the following order of priority:

(a) First, Distributions shall be made to the Members including the Commisso Members in proportion to their respective Membership Units until each has received amounts in the aggregate equal to the Preferred Capital;

(b) Second, Distributions shall be made to the Members including the Commisso Members in proportion to their Unreturned Preferred Returns until each has received amounts in the aggregate equal to their Unreturned Preferred Return as of the date of such Distribution (applied first to any Preferred Return accrued in respect of the year in which such Distribution occurs and second to any other Preferred Return);

(c) Third, Distributions shall be made to the Commisso Members in proportion to their respective Membership Units until the Commisso Members have received amounts in the aggregate equal to 25% of all Distributions made to the Members, including the Commisso Members, pursuant to Section 8.2(b), *provided, however*, that following the Carried Interest Conversion Valuation described in Section 8.7(b)(2) below, Distributions to Commisso Members under this clause (c) shall be reduced to 11.111% of all Distributions made to the Members, including the Commisso Members, pursuant to Section 8.2(b); and

(d) Fourth, Distributions shall be made 80% to the Members, including the Commisso Members, in proportion to their

Percentage Interests and 20% to the Commisso Members in proportion to their respective Membership Units, *provided, however*, that following the Carried Interest Conversion Valuation described in Section 8.7(b)(2) below, Distributions under this clause (d) shall be allocated 90% to the Members (including the Commisso Members) in proportion to their Percentage Interests and 10% to the Commisso Members in proportion to their respective Membership Units.

Subject to the terms of the Credit Agreement and any other loan or other agreement with respect to indebtedness to which the Company is obligated (as a borrower, guarantor or otherwise), the Manager shall use reasonable commercial efforts to make Distributions pursuant to this Section 8.2 in accordance with the priority set forth in paragraphs (a) through (d) during the first three months of each Accounting Period in an aggregate amount equal to at least 35% of the aggregate Profit allocated to the Members for the immediately preceding Accounting Period.

8.3 No Right to Distributions Except Upon Dissolution of the Company.

The occurrence of a Termination Event with respect to the Company does not entitle any Member to any Distributions unless such event results in the dissolution of the Company, in which case such Member shall be entitled to receive the Distributions set forth in Section 8.4.

8.4 Distributions Upon Dissolution of the Company. Upon dissolution of the Company:

(a) The Company shall first satisfy (or provide for the satisfaction of) all the Company's debts and other obligations (including debts to Members, former Members and their Affiliates).

(b) The Executive Committee shall determine a Company Valuation for the Company's remaining assets pursuant to Section 8.6 of this Agreement (the "Dissolution Valuation") and the Company shall distribute such assets to the Members and any former Members whose interests have not been previously redeemed as follows:

(1) First, to the Members in proportion to the amounts by which their Preferred Capital exceeds previous Distributions until each has received amounts in the aggregate equal to their Preferred Capital;

(2) Second, to the Members in proportion to their Percentage Interests until each has received amounts in the aggregate equal to the Unreturned Preferred Return as of the date

of such Distribution (applied first to any Preferred Return accrued in respect of the year in which such Distribution occurs and second to any previously accrued Preferred Return);

(3) Third, to the Commisso Members in proportion to their respective Membership Units, the amount by which 25% of all Distributions made to Members, including the Commisso Members, with respect to the Preferred Return pursuant to Section 8.2(b) and clause (2) of this Section 8.4(b) exceeds the amount of all Distributions made to the Commisso Members pursuant to Section 8.2(c), *provided, however*, that following the Carried Interest Conversion Valuation described in Section 8.7(b)(2) below, Distributions to Commisso Members under this clause (3) shall be reduced to 11.111% of all Distributions made to Members, including the Commisso Members, pursuant to Section 8.2(b)and clause (2) of this Section 8.4(b) exceeds the amount of all Distributions made to the Commisso Members pursuant to Section 8.2(c);

(4) Fourth, 80% to the Members, including the Commisso Members, in proportion to their Percentage Interests and 20% to the Commisso Members in proportion to their respective Membership Units, *provided, however*, that following the Carried Interest Conversion Valuation described in Section 8.7(b)(2) below, distributions under this clause (4) shall be allocated 90% to the Members (including the Commisso Members) in proportion to their Percentage Interests and 10% to the Commisso Members in proportion to their respective Membership Units..

(c) Notwithstanding the foregoing provisions of Section 8.4(b), upon the dissolution of the Company, all Distributions shall be made to the Members in proportion to the positive balances of such Members' Capital Account (after such Capital Accounts have been adjusted to take into account all events related to such dissolution) and (after all Members have a zero balance in their Capital Accounts) all Distributions shall be made as provided in Section 8.4(b).

8.5 1998 Valuation of the Company.

(a) The Executive Committee previously determined a Company Valuation giving effect to the closing of the U.S. Cable Acquisition and the Capital Contributions to finance such Acquisition (the "1998 Company Valuation"). As set forth in Section 5.17 of the Third Amended and Restated Operating Agreement, the Members have ratified and approved the 1998 Company Valuation and the issuance of additional Membership Units and related Percentage Interests as a result of such Company Valuation, as set forth on *Schedule B-1* hereto.

(b) Schedule B-1 also reflects and takes into account the issuance of the following Membership Units on the basis of the 1998 Company Valuation expressed as the aggregate value of the outstanding Membership Units after giving effect to the closing of the U.S. Cable Acquisition, as set forth on Schedule B-1 hereto: (i) Membership Units, if any, issued in respect of Capital Contributions made prior to June 30, 1998 to the extent of the first one-third (1/3) of the Unfunded Capital Commitments as of January 23, 1998; and (ii) Membership Units, if any, issued in respect of Capital Contributions made to fund the purchase of any Excess Chase Units.

8.6 1999 Valuation of the Company. Pursuant to Section 8.5(d) of the Third Amended and Restated Operating Agreement the Executive Committee has determined a new Company Valuation in the amount of $450 million giving effect to the closing of the Zylstra Acquisition, the Triax Acquisition and the Capital Contributions to finance such Acquisitions (the "1999 Company Valuation"). Based on the 1999 Company Valuation, the Executive Committee has approved the issuance of additional Membership Units and related Percentage Interests, as set forth on Schedule B-2 hereto.

8.7 Further Valuations of the Company.

(a) Upon the receipt by the Company after the later of (i) the effective date of this Agreement and (ii) the date of the most recent Company Valuation under this Section 8.7, of funds in respect of Capital Contributions in an aggregate cumulative amount of at least $5,000,000, the Executive Committee shall determine the aggregate equity value of the Company as of such date (the "Valuation Effective Date"); provided, however, that the value so determined shall not be greater than 10.5 times the annualized System Cash Flow for the three month period most recently ended prior to the Valuation Effective Date (giving pro forma effect to the acquisition of any System during such period as if such acquisition had occurred on the first day of such period), less the aggregate consolidated indebtedness for borrowed money of the Company and the Subsidiaries as of the Valuation Effective Date; provided, further, that such determinations shall not be made more frequently than once during each Fiscal Year; and provided, further, that the Executive Committee, acting by unanimous vote of its members, may determine a Company Valuation as it deems appropriate and at any such other times and as frequently as it may otherwise deem appropriate.

(b) In connection with each Company Valuation effective after the closing of the Zylstra Acquisition and the Triax Acquisition (including a Company Valuation in connection with a Dissolution as provided by Section 8.4(b) or in connection with an IPO as provided in Section 8.8(c)), the Company, except as set forth in 8.9 below, shall issue to its Members, effective as of the Valuation Effective Date, additional Membership Units based upon such Company Valuation, to the extent such Company Valuation exceeds prior Company Valuations, as follows:

(1) In the event the Company Valuation does not exceed 125% of the 1999 Company Valuation (a "Pre-Carried Interest Conversion Valuation"), additional Membership units shall be issued as follows:

(A) First, additional Membership Units shall be issued to the Members in proportion to their respective Percentage Interests until each has received additional Membership Units representing a value equal to the Unreturned Preferred Return;

(B) Second, additional Membership Units shall be issued to the Commisso Members in proportion to their respective Membership Units until the Commisso Members have been issued additional Membership Units in the aggregate equal to 25% of all of the Membership Units issued to existing Members, including the Commisso Members, pursuant to clause (2) above; and

(C) Third, additional Membership Units shall be issued 80% to all Members, including the Commisso Members, in proportion to their respective Percentage Interests, and 20% to the Commisso Members in proportion to their respective Membership Units.

(2) In the event a Company Valuation (referred to herein as the "Carried Interest Conversion Valuation") equals or exceeds 125% of the 1999 Company Valuation preceding such Company Valuation, additional Membership Units shall be issued as follows:

(A) First, the Company shall issue to the Commisso Members in respect of a reduction (the "Commisso Carried Interest Conversion Reduction") of their carried interest from 20% (the "Commisso Carried Interest Total") to 10% in connection with any and all Post-Carried Interest

Conversion Valuations as set forth in Section 8.7(b)(3) below, additional Membership Units equal to sixteen and one-half (16.5%) percent of the amount of the Carried Interest Conversion Valuation; and

(B) Next, additional Membership Units shall be issued to all Members with respect to the remaining balance of the Carried Interest Conversion Valuation, as follows:

(i) First, additional Membership Units shall be issued to the Members in proportion to their respective Percentage Interests until each has received additional Membership Units representing a value equal to the Unreturned Preferred Return;

(ii) Second, additional Membership Units shall be issued to the Commisso Members in proportion to their respective Membership Units until the Commisso Members have been issued additional Membership Units in the aggregate equal to 25% of all of the Membership Units issued to existing Members, including the Commisso Members, pursuant to clause (2) above;

(iii) Third, additional Membership Units shall be issued 80% to all Members, including the Commisso Members, in proportion to their respective Percentage Interests, and 20% to the Commisso Members in proportion to their respective Membership Units.

(3) In connection with each Company Valuation (a "Post-Carried Interest Conversion Valuation") after the Carried Interest Conversion Valuation set forth above in Section 8.7(b)(2), additional Membership Units shall be issued as follows:

(A) First, additional Membership Units shall be issued to the Members in proportion to their respective Percentage Interests until each has received additional Membership Units representing a value equal to the Unreturned Preferred Return;

(B) Second, additional Membership Units shall be issued to the Commisso Members in proportion to their respective Membership Units until the Commisso Members have been issued additional Membership Units in the aggregate equal to 11.111% of all of the Membership Units issued to existing

Members,including the Commisso Members, pursuant to clause (2) above; and

(C) Third, additional Membership Units shall be issued 90% to all Members, including the Commisso Members, in proportion to their respective Percentage Interests, and 10% (the "Commisso Carried Interest Remainder") to the Commisso Members in proportion to their respective Membership Units.

8.8 Conversion or Exchange of Membership Units in Connection with IPO.

(a) In connection with any IPO of the Company effective after the date of this Agreement, the Membership Units of the Members and the Members' respective interests in the Company shall be converted into and/or exchanged for common equity shares of the IPO Entity (the "IPO Member Common Shares") and/or options to acquire common equity shares of the IPO Entity (the "IPO Member Options") exercisable at a per share price equal to the offering price of the common equity shares of the IPO Entity offered to the public (the "IPO Public Common Shares") on the initial offering date of such shares.

(b) The amount of IPO Member Common Shares shall be based on the IPO Valuation in accordance with Section 8.8(c). The IPO Member Options shall cover an amount of common equity shares of the IPO Entity equal to seven and two-tenths (7.2%) percent of the IPO Option Share Quotient Amount as defined below. The IPO Option Share Quotient Amount shall be an amount of shares determined by: (A) adding the sum of (1) the total number of IPO Member Common Shares issued to all Members, including the Commisso Members, pursuant to this Section 8.8 plus (ii) the total number of all IPO Public Common Shares issued in connection with the IPO; and (B) multiplying such sum by a fraction equal to ten-ninths (10/9)

(c) The IPO Member Common Shares and the IPO Member Options shall be allocated to the Members as follows:

(1) First, IPO Member Common Shares having a value equal to the IPO Valuation shall be issued by the Company to all Members, including the Commisso Members, in proportion to their respective Percentage Interests; *provided, however*, that such Percentage Interests shall not be determined until after the amount of the IPO Valuation is treated as a Company Valuation amount under Section 8.7(a) and additional Membership Units are issued to

Members with respect thereto in accordance with Section 8.7(b)(1), Section 8.7(b)(2) or Section 8.7(b)(3), as applicable; and

(2) Second, the Company shall issue to the Commisso Members in respect of the Commisso Carried Interest Total or the Commisso Carried Interest Remainder, as the case may be, in proportion to their respective Percentage Interests,100% of the IPO Member Options; it being understood, however, that the Manager, with the assistance of the IPO Underwriters, may determine, in his discretion, to allocate and issue a portion of such IPO Member Options to executives and other employees of the Company; and

(d) The provisions of Section 8.8 are illustrated by the following example:

Assume that in connection with an IPO of the Company the IPO Valuation is $800,000,000 and that the Company intends to issue 10,000,000 IPO Public Common Shares at an offering price of $20 per share, totaling $200,000,000. Assume further that the most recent Company Valuation prior to the IPO was the 1999 Company Valuation at $450 million. In such a case, Sections 8.8(a), 8.8(b) and 8.8(c) would result in the Company issuing to Members 40,000,000 Member IPO Common Shares, totaling $800,000,000 as set forth in Schedule D, plus Member IPO Options covering 4,000,000 shares of common equity of the IPO Entity (i.e., 50,000,000 total shares X 10/9 X 7.2%), in each case determined as follows:

(1) Since the IPO Valuation is treated as a Company Valuation pursuant to Section 8.8(c)(i) and the IPO Valuation exceeds 125% of the 1999 Company Valuation, and since there has not yet been a Carried Interest Conversion Valuation and issuance of additional Membership Units under Section 8.7(b)(2), then,

> (A) First, the Company shall issue to the Commisso Members 6,600,000 IPO Member Common Shares, totaling $132,000,000 (or 16.5% of the amount of the $800 million IPO Valuation) in respect of the additional Membership Units issued to the Commisso Members under Section 8.7(b)(2)(A), with respect to the Commisso Carried Interest Conversion Reduction, in proportion to their respective Percentage Interests as of the date of the IPO Valuation (after giving effect to the issuance of additional Membership Units pursuant to Sections 8.7(b)(2)(B)(i), 8.7(b)(2)(B)(ii), and 8.7(b)(2)(B)(iii)); it being understood, however, that if prior to the IPO Valuation there had been a Carried Interest

Conversion Valuation and issuance of additional Membership Units to Commisso Members under Section 8.7(b)(2)(A), no additional Membership Units (or IPO Member Common Shares allocable thereto) would be issued in connection with an IPO Valuation to the Commisso Members with respect to the Commisso Carried Interest Conversion Reduction;

(B) Next, the Company shall issue to all Members, including the Commisso Members, 33,400,000 IPO Member Common Shares, totaling $668,000,000 (or 83.5% of the amount of the IPO Valuation) in proportion to their respective Percentage Interests as of the IPO Valuation (after giving effect to the issuance of additional Membership Units pursuant to Sections 8.7(b)(2)(B)(i), 8.7(b)(2)(B)(ii), and 8.7(b)(2)(B)(iii)); it being understood, however, that if prior to the IPO Valuation there had been a Carried Interest Conversion Valuation and issuance of additional Membership Units to Commisso Members under Section 8.7(b)(2)(A), the amount of IPO Member Common Shares allocable to Members hereunder, including Commisso Members, would have been 40,000,000, in proportion to their respective Percentage Interests as of the IPO Valuation after giving effect to the issuance of additional Membership Units pursuant to Sections 8.7(b)(3)(A), 8.7(b)(3)(B) and 8.7(b)(3)(C);and

(2) the Company shall issue to the Commisso Members in respect of the Commisso Carried Interest Remainder, in proportion to their respective Percentage Interests as of the date of the IPO Valuation (after giving effect to the issuance of additional Membership Units pursuant to Sections 8.7(b)(2)(i), 8.7(b)(2)(ii), 8.7(b)(2)(iii)), IPO Member Options exercisable at $20 per share with respect to 4,000,000 shares of additional common equity of the IPO Entity.

8.9. Operative Rules Regarding Additional Membership Units Issued in Connection with Company Valuations.

(a) Except as otherwise expressly provided in this Agreement, following the issuance of additional Membership Units under 8.7(b) above:

(1) All calculations of Preferred Capital, Preferred Return, and Percentage Interests shall be based upon the Membership Units outstanding on the date of such issuance;

(2) All calculations of the amount of the Preferred Return shall be calculated from the date of such issuance; and

(3) Each Member's Capital Accounts shall be adjusted in accordance with Treasury Regulation Section 1.704-1(b)(2)(iv)(g) so that the balance of each Member's Capital Account shall equal the product of the number of Membership Units held by such Member times $1,000.

(b) In the event that following a Company Valuation which results in the issuance of additional Membership Units to the Commisso Members pursuant to clauses (B) or (C) of Section 8.7(b)(1), clauses (ii) or (iii) of Section 8.7(b)(2)(B) or clauses (B) or (C) of Section 8.7(b)(3) (the "Specified Value"), the aggregate equity value of the Company is later determined pursuant to Section 5.18 or Section 8.7 (other than as a consequence of a Distribution to Members) at an amount below the Specified Value, then, in such event(s), any issuances of additional Membership Units to the Commisso Members under clauses (B) or (C) of Section 8.7(b)(1), clauses (ii) or (iii) of Section 8.7(b)(2)(B) or clauses (B) or (C) of Section 8.7(b)(3) in connection with such valuation or any later valuation shall be made only after the existing Members shall have received the full number of Membership Units issuable under clauses (A) of Section 8.7(b)(1), clauses (i) of Section 8.7(b)(2)(B) or clauses (A) or of Section 8.7(b)(3). Thereafter, issuances of additional Membership Units shall be effected as set forth above in Section 8.7(b)(1),Section 8.7(b)(2) or Section 8.7(b)(3), as applicable.

ARTICLE IX

TAX MATTERS

9.1 Tax Characterization and Returns.

(a) The Members acknowledge that the Company will be treated as a "partnership" for Federal and state tax purposes. All provisions of this Agreement and the Articles of Organization

are to be construed so as to preserve that tax status.

(b) Within 135 days after the end of each Fiscal Year, the Manager will cause to be delivered to each Person who was a Member at any time during such Fiscal Year a Form K-1 and such other information, if any, with respect to the Company as may be necessary for the preparation of each Member's Federal or

state income tax (or information) returns, including a statement showing each Member's share of income, gain or loss, and credits for the Fiscal Year.

9.2. Capital Accounts.

(a) The Capital Account of each Member shall be increased by

(i) the amount of all Capital Contributions made by such Member (which amount, in the case of contributed property other than cash, shall be the Net Agreed Value thereof) and

(ii) all Profit and each item of income and gain which is allocated to the Member pursuant to Section 8.1, 9.3(b), and 9.3(c) hereof (computed in each instance with the adjustments detailed in Section 9.2(b) below)

and decreased by

(x) all Loss and each item of loss and deduction which is allocated to the Member pursuant to Section 8.1, 9.3(b), and 9.3(c) (computed in each instance with the adjustments detailed in Section 9.2(b) below) and

(y) all cash and the Net Agreed Value of any property distributed by the Company to such Member pursuant to this Agreement.

(b) Solely for the purposes of maintaining the Members' Capital Accounts, the Profit or Loss of the Company and each item of income, gain, loss, or deduction which is specially allocated pursuant to Section 9.3(b) and 9.3(c) shall be adjusted as follows:

(1) Any income of the Company that is exempt from Federal income tax shall be added to such Profit or Loss;

(2) all deductions for depreciation, cost recovery, amortization, or similar items attributable to any property (other than cash) contributed by a Member to the Company shall be determined as if the Adjusted Basis of such property on the date of contribution was equal to the Carrying Value of such property on such date, in accordance with Treasury Regulation Section 1.704-1(b)(2)(iv)(g);

(3) Any income, gain or loss attributable to the taxable disposition of any asset shall be determined by the Company as if the Adjusted Basis of such asset as of the date of disposition were equal to the Carrying Value of such asset as of such date;

(4) All fees and other expenses incurred by the Company to promote the sale of (or to sell) an interest that can neither be deducted nor amortized under Section 709 of the Code shall be treated as an item of deduction.

(c) The computation of all items of income, gain, loss, and deduction shall be made without regard to any adjustment in the basis of Company asset as a result of an election under Section 754 of the Code which may be made by the Company (except to the extent required by Treasury Regulation Section 1.704-1(b)(2)(iv)(m)) and, as to those items described in Section 705(a)(2)(B) of the Code, without regard to the fact that such items are neither currently deductible nor capitalizable for Federal income tax purposes; and

(d) In the event that any Distribution is made to a Member other than in cash (including liquidating Distributions), the Capital Accounts of the Members, immediately prior to such Distribution, shall be appropriately adjusted upward or downward to reflect any Unrealized Gain or Unrealized Loss attributable to the distributed property (determined on the basis of the fair market value of the property at the time of Distribution).

(e) A transferee will succeed to the Capital Account (or such portion thereof) relating to the interest transferred, and there shall be no adjustment to the Capital Accounts as a result of such transfer except as otherwise required under Treasury Regulation Section 1.704-1. If, however, the transfer causes a termination of the Company under Section 708(b)(1)(B) of the Code, the Company shall be deemed to have continued as prescribed by Treasury Regulation Sections 1.704-1 and 1.708(b)(1)(iv), and the Capital Accounts of the Members shall at such time be determined, and shall thereafter be maintained, in accordance with the rules set forth in this Agreement.

9.3 Special Tax Rules.

(a) Special Rules Relating to Contributed Property. Solely for tax purposes (and not for Capital Account purposes), in the case of any property (other than cash) included

in a Capital Contribution, or that is held by the Company on the date any adjustment of Percentage Interest is made pursuant to Section 8.5, items of income, gain, loss, deduction, and credit attributable to such contributed property shall be allocated as follows:

(1) first, among the Members in a manner that takes into account the variation between the fair market value of such property and its Adjusted Basis at the time of contribution or adjustment of Percentage Interests (in accordance with Section 704(c) of the Code and applicable Treasury Regulations), and

(2) thereafter, in accordance with Section 8.1 and the other provisions of this Article.

(b) Guaranteed Payments. Notwithstanding the foregoing, in the event that any fees, interest, or other amounts paid or payable to any Member are deducted by the Company in reliance on Sections 707(a) or 707(c) of the Code, and such fees, interest, or other amounts are disallowed as deductions to the Company and are recharacterized as Company distributions, there shall be allocated to such Member, prior to the allocations provided in Section 8.1, an amount of Company gross income for the year in which such fees, interest, or other amounts are treated as Company distributions equal to such fees, interest, or other amounts so treated as distributions.

(c) Special Overrides. (1) Solely for purposes of determining a Member's Capital Account in applying the provisions of this clause (c), the anticipated adjustments, allocations, and distributions described in Treasury Regulation Section 1.704-1(b)(2)(ii)(d)(4)-(6) shall be taken into account, and each Member shall be deemed obligated to restore any deficit in its Capital Account to the extent of the sum of its share of the Minimum Gain, as determined pursuant to Treasury Regulation Section 1.704-2(g)(i), and its share of the Partner Nonrecourse Debt Minimum Gain, as determined pursuant to Treasury Regulation Section 1.704-2(i)(5).

(2) Notwithstanding any other provision of this Agreement, no allocation of Loss, or other allocation of loss or deduction, shall be made to any Member if such allocation would result in such Member having a negative balance in its Capital Account at the close of any Fiscal Year in excess of the amount it would be required to restore on a liquidation of the Company at the close of such Fiscal Year (or a liquidation of such Member's interest in the Company).

(3) Notwithstanding any other provision of this Agreement, in the event any Member unexpectedly receives an adjustment, allocation, or distribution described in clause (4), (5), or (6) of Treasury Regulation Section 1.704-1(b)(2)(ii)(d) that results in such Member having a negative balance in its Capital Account at the close of any Fiscal Year in excess of the amount that it is required to restore on a liquidation of the Company at the close of such Fiscal Year (or of the Member's interest in the Company), or for any other reason has a deficit Capital Account balance in excess of such amount, such Member shall, prior to the allocations otherwise provided in this Section, be allocated Profit (and other income and gain) in an amount and manner sufficient to eliminate such excess as promptly as possible.

(4) In accordance with and pursuant to Treasury Regulation 1.704-2(i)(1), all partner nonrecourse deductions (as defined in that Regulation) shall be allocated to the Member that bears the economic risk of loss on the debt giving rise to such deductions as determined under that Regulation. Further, in accordance with and pursuant to Treasury Regulation 1.704-2(f) and -2(i)(4) (and subject to the exceptions set forth therein), if there is a net decrease in either the Company's Minimum Gain or Partner Nonrecourse Debt Minimum Gain or both during any Fiscal Year, all Members shall be allocated, before any other allocation is made of Profit (and other income and gain) or Loss (or other loss or deduction) for such Fiscal Year, items of income and gain for such Fiscal Year (and, if necessary, subsequent years) in an amount equal to the Member's share in the decrease in Minimum Gain or Partner Nonrecourse Debt Minimum Gain, as determined pursuant to Treasury Regulation Sections 1.704-2(g)(2) and 1.704-2(i)(4).

(5) It is the intent of the parties to this Agreement that the chargeback provisions and the limitation on loss allocations provided in this Section satisfy the "allocation of nonrecourse liability" rules provided in Treasury Regulation 1.704-2 and the requirements of Treasury Regulation 1.704-1(b)(2)(ii)(d) (relating to the alternate test for economic effect and "qualified income offset"). It is further intended that the allocations under this Section shall effect an allocation for Federal income tax purposes in a manner consistent with Section 704(b) and (c) of the Code and comply with any limitations or restrictions therein. If for any reason the allocations contained in this Agreement shall conflict with the Treasury Regulations promulgated under Section 704 of the Code, the Members acknowledge that such Regulations shall control.

(6) The allocations set forth in this Section (the "Regulatory Allocations") are intended to comply with certain requirements of Treasury Regulation Section 1.704-1(b). The Regulatory Allocations may not be consistent with the manner in which the Members intend to divide Company Distributions. Accordingly, the Manager, as the "tax matters partner" (or any successor thereto) is hereby authorized, with the advice of the Company's accountants, to devise other allocations of income, gains and losses and other items among the Members as may be necessary so as to prevent the Regulatory Allocations from distorting the manner in which Company Distributions will be divided among the Members; provided, however, that any change in the manner of maintaining Capital Accounts shall not materially alter the economic agreement between or among the Members as expressed in this Agreement without the consent of each Member. In general, the Members anticipate that this will be accomplished by specially allocating items of income, gain, loss and deduction among the Members so that the net amount of the Regulatory Allocations and such special allocations to such Member is zero. However, the Tax Matters Partner shall have discretion to accomplish this result in any reasonable manner.

9.4 Accounting Decisions.

(a) Subject to the provisions of this Agreement, the Manager will make all decisions as to accounting matters. The Manager shall cause the Company at all times to retain an independent nationally-recognized accounting firm as its auditors.

(b) Subject to the provisions of this Agreement, the Manager may cause the Company to make whatever elections the Company may make under the Code, including the election referred to in Section 754 of the Code to adjust the basis of Company assets.

(c) The Company shall make the following elections on the appropriate tax returns:

(1) To adopt the calendar year as the Fiscal Year;

(2) To adopt the accrual method of accounting for income tax purposes and keep the Company's books and records in accordance with GAAP;

(3) If a Distribution as described in Section 734 of the Code occurs or if a transfer of a Membership Unit described in Section 743 of the Code occurs, upon the written request of any Member, to elect to adjust the basis of the property of the Company pursuant to Section 754 of the Code;

(4) To elect to amortize the organizational expenses of the Company and the start up expenditures of the Company under Section 195 of the Code ratably over a period of sixty months as permitted by Section 709(b) of the Code; and

(5) Any other election that the Manager may deem appropriate and in the best interests of the Members. Neither the Company nor any Member may make an election for the Company to be excluded from the application of Subchapter K of Chapter I of Subtitle A of the Code or any similar provisions of applicable state law, and no provisions of this Agreement shall be interpreted to authorize any such election.

9.5 Tax Matters Partner. The Manager shall be the "tax matters partner" of the Company pursuant to Section 6231(a)(7) of the Code. The Manager shall not extend the statute of limitations, compromise any tax controversy or take any other material action as "tax matters partner" except after consultation with the Executive Committee.

9.6 Tax Returns. The Manager shall cause to be prepared and filed all necessary Federal and state income tax returns for the Company. Each Member shall furnish to the Manager all pertinent information in its possession relating to Company operations that is necessary to enable the Company's income tax returns to be prepared and filed.

9.7 Tax Withholdings. The Company shall at all time be entitled to make payments with respect to any Member in amounts required to discharge any legal obligation of the Company pursuant to any provision of the Code or any other tax provision or any provision enacted in the future imposing a similar obligation on the Company to withhold or make payments to any governmental authority with respect to any United States federal, state or local tax liability of such Member arising as a result of such Member's interest in the Company. Each such payment made to any governmental authority shall be deemed to be a loan by the Company to such Member and shall not be deemed to be a Distribution. The amount of such payments made with respect to any Member, plus interest at an annual rate equal to two percent plus the Company's highest borrowing rate on each such amount from the date of each such payment until such amount is repaid to

the Company, shall be repaid to the Company by (i) deduction from the current or next succeeding Distribution or Distributions otherwise payable to such Member pursuant to this Agreement or (ii) earlier payment of such amounts and interest by such Member to the Company.

ARTICLE X

FINANCIAL REPORTS; INSPECTION RIGHTS

10.1 Reports to Members. Within 135 days after the end of each Fiscal Year and 75 days after the end of each quarter other than the last quarter thereof, the Company shall cause to be prepared and mailed to each Member a financial report (audited by an accounting firm of recognized national standing in the case of a report sent as of the end of a Fiscal Year and unaudited in the case of a report sent as of the end of a quarter) setting forth as of the end of such Fiscal Year or quarter:

(a) a consolidated balance sheet of the Company and its Subsidiaries as of the end of such Fiscal Year or quarter prepared in accordance with GAAP; and

(b) consolidated statements of income, retained earnings and cash flows of the Company and its Subsidiaries for such Fiscal Year or quarter (and for the period from the beginning of the Fiscal Year to the end of such quarter) prepared in accordance with GAAP.

In addition, the Company will deliver to the Members promptly upon their becoming available, (i) copies of all registration statements and regular periodic reports, if any, that the Company shall have filed with the SEC or any national securities exchange, (ii) copies of all projections delivered to the lenders of the Company or its subsidiaries in connection with proposed acquisitions or refinancings by the Company or its subsidiaries and (iii) copies of all regular reports to management submitted by the independent auditors for the Company.

10.2 Inspection Rights. The Company shall, upon reasonable notice during normal business hours, permit any Member and its agents, including counsel, to inspect its properties, examine its books and records and to discuss with management the business and affairs of the Company and its subsidiaries, and to examine, copy and make extracts from its books and records.

10.3 Certain Additional Information. Concurrently with the delivery by the Company to each Member of its annual financial statements pursuant to Section 10.1 above, the Company will deliver to each Member that is a Small Business Investment Company a written assessment of the economic impact of the investment by such Member in the Company, specifying the full-time equivalent jobs created or retained in connection with such investment, the impact of such investment on the business of the Company in terms of expanded revenue and taxes, and other economic benefits resulting from such investment, including but not limited to, technology development or commercialization, minority business development, urban or rural business development, expansion of exports and assistance to manufacturing firms, all as contemplated by 13 C.F.R. (S) 107.304(c).

10.4 Use of Proceeds. Within 75 days after the date of a Capital Contribution to the Company by a Member that is a Small Business Investment Company, the Company shall deliver to such Member a written statement certified by the Manager describing in reasonable detail the use of the proceeds of the investment hereunder by the Company and its Subsidiaries. In addition to any other rights granted hereunder, the Company shall grant any Member that is a Small Business Investment Company and the United States Small Business Administration access to the Company's records for the purpose of verifying the use of such proceeds.

ARTICLE XI

PUT RIGHTS

10.1 Put Right at the Option of the Members. Under the circumstances and on the terms described below, Members shall have the following rights:

(a) Members shall have the right to require the Company to redeem all or any part of the Membership Units held by them at any time on or after a Triggering Event (the "Put"). A Member may exercise the Put by giving the Company notice of such intent setting forth the Triggering Event (such notice hereinafter a "Put Notice").

(b) The consideration to be paid in connection with the Put shall be payable in cash in an amount equal to the value of the Membership Units subject to the Put, based upon the fair market value of the Company as a going concern with no discount attributed to the restrictions of transferability of the Membership Units and the minority Percentage Interests (the "Put

Price"). If the Company and the Members delivering a Put Notice agree in writing as to the amount of the Put Price for the Membership Units that are the subject of such Put Notices, such amount shall bind them. If the Company and the Members exercising the Put do not agree in writing, then the fair market value shall be the average of the valuations determined by two independent valuation experts, one selected by the Company and one by the Members exercising the Put. If the valuations of such experts differ by more than 10 percent, the two experts shall select a third independent valuation expert, the opinion of which shall be binding, to determine a value no higher than the higher valuation nor lower than the lower valuation. The costs of each such expert shall be borne equally by the Company and the Members exercising such Put.

(c) The redemption of the Membership Units subject to the Put shall occur no later than the 30th day after final determination of the Put Price, unless the Company and the Members exercising the Put agree to a different date. If, prior to the closing date for the Put, the Company is unable to purchase for cash all of the Membership Units required to be purchased pursuant to the Put Option, the Company shall promptly (but in any event within three business days of such determination) give notice to each of the Members exercising the Put of the aggregate amount of Membership Units it is unable to purchase for cash (a "Put Cash Postponement"). In the case of any Put Cash Postponement, the Company shall use its best commercial efforts to increase its ability to pay cash for the Membership Units subject to the Put. If on the Put Closing Date, the Company does not purchase all of the Membership Units subject to the Put for cash, the Company shall issue to any Member subjected to a Put Cash Postponement a junior subordinated promissory note of the Company (a "Purchase Note") having a principal amount equal to the aggregate Put Price for the Membership Units subject to the Put Cash Postponement plus deferred interest accruing and compounding annually at an annual rate equal to five percent (5%) over the interest rate publicly announced by The Chase Manhattan Bank from time to time as its prime commercial lending rate of interest. The maturity date of a Purchase Note shall be five years from the date of issuance, but a Purchase Note may be prepaid without penalty. At the time of payment, the Company shall pay principal and accrued deferred interest on the Purchase Note.

(d) In the event a Triggering Event described in clause (2) of Section 1.1(zzz), only such number of Membership Units held by a Member as shall be necessary to cure the legal

restriction therein referred to shall be entitled to the benefits of a Put under this Section 11.1.

ARTICLE XII

TRANSFERABILITY

12.1 Transferee Not a Member. (a) Subject to the terms of Section 12.3 hereof, a Member may transfer Membership Units to an Affiliate and have such Affiliate become a Member. No Person acquiring a Membership Unit other than an existing Member or an Affiliate of an existing Member shall become a Member unless such Person is approved by the Manager. No transfer of more than 5,000 Membership Units (other than by a Member to an Affiliate in accordance with Section 12.3) shall be effective unless approved by the Manager and the Executive Committee. No Person shall become a Member until, in addition to the required vote or consent: (i) Such Person by written agreement shall have accepted the terms of, and agreed to be bound by, this Agreement; (ii) any required certificate evidencing the admission of such Person as a Member, if required, shall have been prepared for filing or recordation; (iii) such Person complies with any other condition imposed by the Manager. If no such approval is obtained, such Person's Membership Unit shall only entitle such Person to receive the Distributions and allocations of profits and losses to which the Member from whom or which such Person received such Membership Unit would be entitled and shall not entitle such Person to any rights with respect to management and ownership. Any such approval may be subject to any terms and conditions imposed by the Manager in his sole and complete discretion.

(b) If it shall become unlawful for any Member to continue to hold some or all of the Membership Units held by such Member, or by reason of legal or regulatory restrictions the cost to such member to continue to hold such Membership Units (in relation to the value of such Membership Units to such Member) has, in the reasonable judgment of such Member, significantly increased, then such Member may, at any time following the date three business days after the delivery of such Member to each other Member of notice of the existence of any such restriction, transfer all or any portion of the Membership Units held by such Member free of any restrictions imposed under this Agreement (other than those restrictions required by federal or state laws, including securities, FCC and tax laws, and subject to the respective transferee meeting the requirements of Section 12.3, and provided that the transferee Member shall hold its Membership Units subject to all of the terms of this Agreement). In connection therewith, the Company shall assist such Member in

disposing of the Membership Units held by it in a prompt and orderly manner, and (at the request of such Member) make available (and authorize such Member to make available through the Company) financial and other information concerning the Company and its Subsidiaries (including, without limitation, the information described in Rule 144A(d)(4)) to any prospective purchaser of such prospective purchaser of such Membership Units (it being agreed that such prospective purchaser shall be either an "accredited investor" within the meaning of Rule 501 (a) under the Securities Act or a "qualified institutional buyer" within the meaning of Rule 144A(d)(1) under such Act to the extent that such Membership Units are "restricted securities" as such term is defined in Rule 144). The Company may require that each such prospective purchaser keep confidential, pursuant to customary confidentiality requirements, any information received by it pursuant to this provision.

12.2 Effective Date. Any sale of a Membership Unit or admission of a Member shall be deemed effective immediately upon consummation of such sale and the satisfaction by the transferee of all requirements of this Article XII.

12.3 Requirements for All Transfers of Membership Units. Any transfer pursuant to this Article XII is subject to the following conditions:

(a) the proposed transferee must execute and deliver to the Company an executed counterpart of this Agreement;

(b) the proposed transferee shall be lawfully entitled to hold the Membership Units being transferred under the Communications Act of 1934, as amended, and the rules and regulations of the Federal Communications Commission, or any successor thereto;

(c) unless such transfer is being made pursuant to an effective registration statement under the Securities Act or pursuant to Rule 144 or Rule 144A thereunder, the transferring Member shall deliver to the Company a notice with respect to the proposed transfer, together with an opinion of counsel in form and substance satisfactory to the Company prepared by counsel reasonably satisfactory to the Company (which shall include, without limitation, counsel to each of the Members as of the date hereof), to the effect that an exemption from registration and qualification under such Securities Act is available;

(d) the transferring Member and its transferee shall each provide a certificate to the Company, in form and

substance satisfactory to the Manager, to the effect that (A) the proposed transfer will not be effected on or through (1) a United States national, regional or local securities exchange, (2) a foreign securities exchange or (3) an interdealer quotation system that regularly disseminates firm buy or sell quotations by identified brokers or dealers (including, without limitation, the National Association of Securities Dealers Automated Quotation System) by electronic means or otherwise, and (B) it is not, and the proposed transfer will not be made by, through or on behalf of, (1) a Person who regularly quotes equity interests in the Company, such as a broker or dealer making a market in equity interests in the Company or (2) a Person who regularly makes available to the public (including customers or subscribers) bid or offer quotes with respect to equity interests in the Company and stands ready to effect buy or sell transactions at the quoted prices for itself or on behalf of others; *provided, however*, that such certificate shall not be required for any transfer in connection with a registered public offering;

(e) the transferee must be a "U.S. Person" for federal income tax purposes;

(f) such transfer must not cause the Company to terminate for tax purposes; and

(g) such transfer must not cause the Company to lose its status as a partnership for tax purposes.

Any transfer made in violation of this Section 12.3 shall be null and void and of no force and effect.

12.4 Transfers in a Registered Public Offering. The parties hereto have entered into Registration Rights Agreements with the Company. Each party hereto acknowledges that any Holder (as defined in its respective Registration Rights Agreement) shall have the right to register and transfer Membership Units in accordance with the provisions of such Registration Rights Agreement and that the Company shall comply with its obligations thereunder. No such transfer shall be subject to the restrictions on transfers set forth in this Article or any other provision of this Agreement.

ARTICLE XIII

PREEMPTIVE RIGHTS AND CERTAIN PROVISIONS APPLICABLE TO BMO AFFILIATES

13.1 Preemptive Rights. (a) If, other than in connection with an acquisition or other business combination, in contemplation of an initial public offering of equity securities of the Company or in respect of issuances of Membership Units pursuant to Section 8.5 of this Agreement, the Company proposes to issue, grant or sell Membership Units or any securities exchangeable or convertible into Membership Units in accordance with the provisions of this Agreement, the Company shall first give to the Members a notice setting forth in reasonable detail the price and other terms on which such Membership Units are proposed to be issued or sold, the terms of such Membership Units and the amount thereof proposed to be issued, granted or sold (without limiting the consent rights of any Member in connection therewith). The Members shall thereafter have the preemptive right, exercisable by notice to the Company no later than twenty (20) days after the Company's notice is given, to purchase the amount of such Membership Units set forth in such Member's notice (but in no event more than such Member's *pro rata* share thereof, as of the date of the Company's notice, based upon the ratio of the Membership Units held by such Member to the aggregate of the Membership Units of the Company), for the price and other terms set forth in the Company's notice. Any notice by a Member exercising the right to purchase Membership Units pursuant to this Article XIII shall constitute an irrevocable commitment to purchase from the Company the Membership Units specified in such notice, subject to the maximum set forth in the preceding sentence. If the Members fail to exercise their preemptive right to the full extent of their *pro rata* share, the Company shall provide notice thereof to the exercising Members and an additional ten (10) days to subscribe for the remaining Membership Units subject to preemptive rights. If the Members exercise their preemptive right set forth in this Section 13.1 to the full extent of their *pro rata* share or for any other reason the Company shall not issue, grant or sell Membership Units to Persons other than the Members then the closing of the purchase shall take place on such date, no less than ten (10) and no more than thirty (30) days after the expiration of the 20-day period referred to above, as the Company may select and notify the Members at least seven (7) days prior thereto. If the Members do not exercise their preemptive rights to the full extent of their *pro rata* shares, and, as contemplated by Section 13.1(b), the Company shall issue, grant or sell Membership Units to Persons other than the Members, then the closing of the issuance of

Membership Units to Members shall take place at the same time as the closing of such issuance, grant or sale to non-Members.

(b) If the Members do not exercise their preemptive rights to the full extent of their *pro rata* shares, the Company shall use its good faith and commercially reasonable efforts to issue, grant or sell the remaining Membership Units on the terms set forth in its notice to the Members unless the Company is advised by its financial advisors that the remaining number or amount is too small to be reasonably sold. From the expiration of the 20-day period first referred to in Section 13.1(a) and for a period of 90 days thereafter, the Company may offer, issue, grant and sell to any Person, other than a Member thereof, Membership Units having the terms set forth in the Company's notice relating to such Membership Units for a price and other terms no less favorable to the Company, and including no less cash, than those set forth in such notice (without deduction for reasonable underwriting, sales agency and similar fees payable in connection therewith); *provided, however*, that the Company may not issue, grant or sell Membership Units in an amount greater than the amount set forth in such notice minus the amount purchased or committed to be purchased by the Members upon exercise of their preemptive rights.

(c) The preemptive rights set forth above in this Section 13.1 shall terminate upon consummation of an initial public offering of equity securities of the Company.

13.2 Subject Membership Units are Nonvoting; Exceptions. Notwithstanding anything in this Agreement to the contrary (including Section 12.1(b)), no BMO Affiliate and no Subject Transferee shall at any time have the right to vote, to give any consent or proxy with respect to, or otherwise exercise the rights as a holder of, Subject Membership Units to agree to, approve or otherwise authorize any action or inaction, or remove the Manager, under any of Sections 5.1, 5.2, 5.5(b), 5.8, 5.12 and 6.8(e) of this Agreement (in all such instances, Subject Membership Units shall be treated as not outstanding for purposes of whether any action or inaction or removal has been approved by the requisite vote of Members). This Section is not intended to derogate from or diminish any right such holder may have to vote, consent to, approve or otherwise authorize or give proxies with respect to actions under Section 6.8 of this Agreement (excluding Section 6.8(e)) or to take any action with respect to Membership Units other than Subject Membership Units.

13.3 Notice of Certain In Kind Distributions. Before any distribution in kind of assets of the Company to any BMO

Affiliate who is a Member, the Manager or the liquidating trustee, as applicable, shall give notice in writing to such BMO Affiliate not fewer than 10 Business days before such distribution identifying each asset proposed to be distributed and the date of distribution. Notwithstanding anything in this Agreement to the contrary, such BMO Affiliate may elect, by notice in writing to the Manager or the liquidating trustee not fewer than three Business Days before the date of distribution specified in the notice given to such BMO Affiliate, to decline the distribution of some or all of such assets to the extent that the acquisition of such assets would, in the reasonable judgment of such BMO Affiliate, result in a violation of the BHCA or IBA. In the event that the BMO Affiliate has so elected, the Manager or liquidating trustee shall cause such assets, which would otherwise have been distributed to such BMO Affiliate, to be disposed of immediately regardless of the economic consequences of such a liquidation and the proceeds of such disposition to be distributed to such BMO Affiliate, net of any expense or other costs incurred or imposed on the Seller in connection with disposition. In connection with any such election, the BMO Affiliate shall execute such indemnification and similar agreements in favor of the Manager or the liquidating trustee as shall reasonably be requested.

ARTICLE XIV

DISSOLUTION

14.1 Dissolution. The Company shall be dissolved and its affairs shall be wound up upon the first to occur of the following:

(a) The latest date on which the Company is to dissolve, if any, as set forth in the Articles of Organization;

(b) The vote or written consent of the Manager provided that less than $13 million in Capital Contributions and Additional Capital Contributions have been made to the Company following December 31, 1996;

(c) The bankruptcy, death, dissolution, removal, legal incapacity or resignation of the Manager or the occurrence of any other event that terminates the continued membership of the Manager, unless within one hundred eighty days after such event the Company is continued by the vote or written consent of no less than two-thirds of the Percentage Interests of all of the remaining Members; or

(d) the entry of a decree of judicial dissolution under Section 702 of the New York Act.

14.2 Winding Up. Upon the dissolution of the Company the Manager may, in the name of and for and on behalf of the Company, prosecute and defend suits, whether civil, criminal or administrative, sell and close the Company's business, dispose of and convey the Company's property, discharge the Company's liabilities and distribute to the Members any remaining assets of the Company, all without affecting the liability of Members. Upon winding up of the Company, the assets shall be distributed as follows:

(a) To creditors, including any Member who is a creditor (including with respect to any amounts owing in respect of a Put pursuant to Section 11.1 hereof), to the extent permitted by law, in satisfaction of liabilities of the Company, whether by payment or by establishment of adequate reserves, other than liabilities for Distributions to Members under Section 507 or Section 509 of the New York Act;

(b) To Members and former Members in satisfaction of liabilities for Distributions under Section 507 or Section 509 of the New York Act; and

(c) To the Members in the amounts and proportions set forth in Section 8.4(b) of this Agreement.

14.3 Articles of Dissolution. Within ninety days following the dissolution and the commencement of winding up of the Company, or at any other time there are no Members, articles of dissolution shall be filed with the New York Secretary of State pursuant to the New York Act.

14.4 Deficit Capital Account. Upon a liquidation of the Company within the meaning of Section 1.704-1(b)(2)(ii)(g) of the Treasury Regulations, if any Member is liable for indebtedness of the Company and has a deficit Capital Account (after giving effect to all contributions, Distributions, allocations and other adjustments for all Fiscal Years, including the Fiscal Year in which such liquidation occurs), such Member shall be liable to make a Capital Contribution in the amount of the lesser of the negative balance of such Member's Capital Account or the amount of indebtedness of the Company for which such Member is liable.

14.5 Nonrecourse to Other Members. Except as provided by applicable law or as expressly provided in this Agreement,

upon dissolution, each Member shall receive a return of such Member's Capital Contribution solely from the assets of the Company. If the assets of the Company remaining after the payment or discharge of the debts and liabilities of the Company is insufficient to return any Capital Contribution of any Member, such Member shall have no recourse against any other Member.

14.6 Termination. Upon completion of the dissolution, winding up, liquidation, and distribution of the assets of the Company, the Company shall be deemed terminated.

ARTICLE XV

INDEMNIFICATION

15.1 Exculpatory Provisions. None of the Members nor any of their respective shareholders, members, partners, officers, directors, employees or control persons (as such term is defined in the Securities Act) of such Members and none of the members of the Executive Committee (collectively, the "Indemnified Persons") shall be liable directly or indirectly, to the Company or to any Member for any act or omission (in relation to the Company or this Agreement) taken or omitted by such Indemnified Person in good faith, provided that such act or omission did not constitute gross negligence, fraud or willful violation of the law or this Agreement.

15.2 Indemnification of Members. The Company shall, to the fullest extent permitted by the New York Act, indemnify and hold harmless each Indemnified Person against all claims, liabilities and expenses of whatever nature ("Claims") relating to activities undertaken in connection with the Company, including but not limited to amounts paid in satisfaction of judgments, in compromise or as fines and penalties, and counsel, accountants' and experts' and other fees, costs and expenses reasonably incurred in connection with the investigation, defense or disposition (including by settlement) of any action, suit or other proceeding, whether civil or criminal, before any court or administrative body in which such Indemnified Person may be or may have been involved, as a party or otherwise, or with which such Indemnified Person may be or may have been threatened, while acting as such Indemnified Person, provided that no indemnity shall be payable hereunder against any liability incurred by such Indemnified Person by reason of such Indemnified Person's gross negligence, fraud or willful violation of the law or this Agreement or with respect to any matter as to which such

Indemnified Person shall have been adjudicated not to have acted in good faith.

15.3 Advance of Expenses. Expenses incurred by an Indemnified Person in defense or settlement of any Claim that may be subject to a right of indemnification hereunder may be advanced by the Company prior to the final disposition thereof upon receipt of an undertaking by or on behalf of the Indemnified Person to repay such amount if it shall ultimately be determined that the Indemnified Person is not entitled to be indemnified by the Company.

15.4 Control of Claim. The Company shall have the right to select counsel (provided such counsel is reasonably satisfactory to the Indemnified Person) and to control the defense of any action giving rise to a Claim, provided that an Indemnified Person may nevertheless employ counsel to represent and defend it, but the Company will not be required to pay the fees and disbursements of more than one counsel in any jurisdiction in any proceeding (unless by reason of potential conflicts of interest, representation by more than one counsel is necessary). The right to control the defense of any action shall not include the right to enter into a settlement with respect to such action, unless such settlement is for money damages only (and the Company first places such funds in escrow or posts a bond or other security reasonably satisfactory to the Indemnified Person sufficient, without regard to the provisions of Section 15.6, to cover the full amount of the proposed settlement).

15.5 Non-Exclusivity. The right of any Indemnified Person to the indemnification provided herein shall be cumulative of, and in addition to, any and all rights to which such Indemnified Person may otherwise be entitled by contract or as a matter of law or equity and shall extend to such Indemnified Person's successors, assigns and legal representatives.

15.6 Satisfaction from Company Assets. All judgments against the Company or an Indemnified Person, in respect of which such Indemnified Person is entitled to indemnification, shall first be satisfied from Company assets before the Indemnified Person is responsible therefor.

15.7 Notices of Claims. Promptly after receipt by an Indemnified Person of notice of the commencement of any action or proceeding or threatened action or proceeding involving a Claim, such Indemnified Person will, if a claim for indemnification in respect thereof is to be made against the Company, give written notice to the Company of the commencement of such action;

provided, however, that the failure of any Indemnified Person to give notice as provided herein shall not relieve the Company of its obligations under this Article XV, except to the extent that the Company is actually prejudiced by such failure to give notice. Each such Indemnified Person shall keep the Manager apprised of the progress of any such proceeding.

ARTICLE XVI

GENERAL PROVISIONS

16.1 Notices. Any notice, demand or other communication required or permitted to be given pursuant to this Agreement shall have been sufficiently given for all purposes if (a) delivered personally to the party or to an executive officer of the party to whom such notice, demand or other communication is directed, (b) sent by registered or certified mail, postage prepaid, addressed to the Member or the Company at his, her or its address set forth in this Agreement, or (c) transmitted by facsimile, with hard copy sent by mail as set forth in clause (b) of this Section 16.1. Except as otherwise provided in this Agreement, any such notice shall be deemed to be given on the date of personal delivery or facsimile transmission, and three business days after the date on which it was deposited in a regularly maintained receptacle for the deposit of United States mail, addressed and sent as set forth in this Section 16.1.

16.2 Amendments. No course of performance or other conduct subsequently pursued or acquiesced in, and no oral agreement or representation subsequently made, by the Members, whether or not relied or acted upon, and no usage of trade, whether or not relied or acted upon, shall amend this Agreement or impair or otherwise affect any Member's obligations pursuant to this Agreement or any rights and remedies of a Member pursuant to this Agreement. No amendment to this Agreement shall be effective unless made with the consent of no less than two-thirds of the Membership Units; provided, however, that the Manager acting alone shall have the power to amend Schedules A, B and C hereto to reflect transfers or issuances of Membership Units, to reflect changes in the Unfunded Capital Commitments, to make adjustments pursuant to Section 8.5 hereof, to make any accounting and other amendments deemed necessary by the Manager as Tax Matters Partner (with the advice of the Company's independent accountants), and as approved by the Executive Committee under Section 5.7(a)(vii). Notwithstanding the foregoing, no amendment shall be effective: (i) which has a disproportionate adverse economic effect upon the rights of any Member vis-a-vis the other Members holding Membership Units

having the same rights, without the consent of such adversely affected Member; (ii) which has an adverse economic effect upon the rights of a group of Members, without the consent of a majority of such group of Members; or (iii) which alters the rights, powers and duties of the Manager (in his capacity as Manager) (or an Affiliate thereof) under this Agreement, or otherwise adversely affects the Manager (in his capacity as Manager), without the consent of the Manager. In addition to the foregoing, the Company shall not (in its capacity as a member of any Subsidiary) consent to any amendment to the Operating Agreement of such Subsidiary which would have an adverse effect upon the Company's economic rights in such Subsidiary without the consent of a majority of the Membership Units.

16.3 Construction. Whenever the singular number is used in this Agreement and when required by the context, the same shall include the plural and vice versa, and the masculine gender shall include the feminine and neuter genders and vice versa.

16.4 Headings. The headings in this Agreement are for convenience only and shall not be used to interpret or construe any provision of this Agreement.

16.5 Waiver. No failure of a Member to exercise, and no delay by a Member in exercising, any right or remedy under this Agreement shall constitute a waiver of such right or remedy. No waiver by a Member of any such right or remedy under this Agreement shall be effective unless made in a writing duly executed by all Members and specifically referring to each such right or remedy being waived.

16.6 Severability. Whenever possible, each provision of this Agreement shall be interpreted in such a manner as to be effective and valid under applicable law. However, if any provision of this Agreement shall be prohibited by or invalid under such law, it shall be deemed modified to conform to the minimum requirements of such law or, if for any reason it is not deemed so modified, it shall be prohibited or invalid only to the extent of such prohibition or invalidity without the remainder thereof or any other such provision being prohibited or invalid.

16.7 Binding. This Agreement shall be binding upon and inure to the benefit of all Members, and each of the successors and assignees or the Members, except that no right or obligation of a Member under this Agreement may be assigned by such Member to another Person without first obtaining the written consent of the Manager.

16.8 Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original and all of which shall constitute one and the same instrument.

16.9 Governing Law. This Agreement shall be governed by, and interpreted and construed in accordance with, the laws of the State of New York, without regard to principles of conflict of laws.

IN WITNESS WHEREOF, the individuals and entities signing this Agreement below conclusively evidence their agreement to the terms and conditions of this Agreement by so signing this Agreement.

S/

ROCCO B. COMMISSO

MORRIS COMMUNICATIONS CORPORATION

By: S/

Name: William S. Morris IV
Title: President

MEDIACOM LLC
Capital Calls Since Inception

SCHEDULE A

Members	3/12/96	6/28/96	6/22/97	9/18/97	1/15/98	11/3/99
Chase Manhattan Capital, L.P. c/o Chase Manhattan Capital Corporation 380 Madison Avenue New York, NY 10017-2951	$ 1,100,000	$ 0	$ 0	$ 0	$ 0	$ 0
U.S. Investor, Inc. 333 West Fort Street Detroit, MI 48226	$ 1,100,000	$ 1,000,000	$ 1,950,000	$ 500,000	$ 2,293,780	$ 256,220
Morris Communications Corporation 725 Broad Street Augusta, GA 30901	$ 0	$ 0	$ 9,750,000	$ 2,500,000	$ 79,832,536	$ 8,917,464
CB Capital Investors, L.P. c/o Chase Manhattan Capital Corporation 380 Madison Avenue New York, NY 10017-2951	$ 0	$ 0	$ 3,900,000	$ 1,000,000	$ 4,587,560	$ 512,440
Private Market Fund, L.P. c/o Pacific Corporate Group 1200 Prospect Street Suite 200 La Jolla, CA 92037	$ 0	$ 0	$ 1,950,000	$ 500,000	$ 4,542,584	$ 507,416
BMO Financial, Inc. c/o Bank of Montreal 430 Park Avenue New York, NY 10022	$ 0	$ 0	$ 1,950,000	$ 500,000	$ 2,293,780	$ 256,220
Mr. Scott Seaton 61 Londonderry Drive Greenwich, CT 06830	$ 0	$ 0	$ 0	$ 0	$ 224,880	$ 25,120
Mr. Thomas Keaveney 10 Wagon Way Holmdel, NJ 07733	$ 224,880	$ 25,120				
Commisso Members 100 Crystal Run Road Middletown, NY 10941	$ 3,245,000	$ 0	$ 0	$ 0	$ 0	$ 0
Subtotal	$ 5,445,000	$ 1,000,000	$ 19,500,000	$ 5,000,000	$ 94,000,000	$ 10,500,000
Cumulative Total	$ 5,445,000	$ 6,445,000	$ 25,945,000	$ 30,945,000	$124,945,000	$135,445,000

MEDIACOM LLC
Membership Units and Percentage Interests

	3/12/96	6/28/96	3/31/97	6/22/97
Total Membership Units Issued				
Chase Manhattan Capital, L.P.	1,100.0000	1,674.5455	2,076.4364	2,076.4364
U.S. Investor, Inc.	1,100.0000	2,674.5455	3,316.4364	5,266.4364
Morris Communications Corporation	0.0000	0.0000	0.0000	9,750.0000
CB Capital Investors, L.P.	0.0000	0.0000	0.0000	3,900.0000
Private Market Fund, L.P.	0.0000	0.0000	0.0000	1,950.0000
BMO Financial, Inc.	0.0000	0.0000	0.0000	1,950.0000
Scott W. Seaton	0.0000	0.0000	0.0000	0.0000
Thomas W. Keaveney	0.0000	0.0000	0.0000	0.0000
Commisso Members	3,245.0000	5,650.9090	7,607.1272	7,607.1272
Total	5,445.0000	10,000.0000	13,000.0000	32,500.0000
Percentage Interests				
Chase Manhattan Capital, L.P.	20.2020%	16.7455%	15.9726%	6.3890%
U.S. Investor, Inc.	20.2020%	26.7455%	25.5110%	16.2044%
Morris Communications Corporation	0.0000%	0.0000%	0.0000%	30.0000%
CB Capital Investors, L.P.	0.0000%	0.0000%	0.0000%	12.0000%
Private Market Fund, L.P.	0.0000%	0.0000%	0.0000%	6.0000%
BMO Financial, Inc.	0.0000%	0.0000%	0.0000%	6.0000%
Scott W. Seaton	0.0000%	0.0000%	0.0000%	0.0000%
Thomas W. Keaveney	0.0000%	0.0000%	0.0000%	0.0000%
Commisso Members	59.5960%	56.5091%	58.5164%	23.4065%
Total	100.0000%	100.0000%	100.0000%	100.0000%

	9/19/97	Prior To U.S.Cable Acquisition 1/15/98	After U.S.Cable Acquisition 1/15/98
Total Membership Units Issued			
Chase Manhattan Capital, L.P.	2,076.4364	2,940.9652	2,940.9652
U.S. Investor, Inc.	5,766.4364	8,085.9840	10,379.7640
Morris Communications Corporation	12,250.0000	16,943.7111	96,776.2471
CB Capital Investors, L.P.	4,900.0000	6,777.4844	11,365.0444
Private Market Fund, L.P.	2,450.0000	3,388.7422	7,931.3262
BMO Financial, Inc.	2,450.0000	3,388.7422	5,682.5222
Scott W. Seaton	0.0000	0.0000	224.8800
Thomas W. Keaveney	0.0000	0.0000	224.8800
Commisso Members	7,607.1272	14,474.3709	14,474.3709
Total	37,500.0000	56,000.0000	150,000.0000
Percentage Interests			
Chase Manhattan Capital, L.P.	5.5372%	5.2517%	1.9606%
U.S. Investor, Inc.	15.3772%	14.4393%	6.9198%
Morris Communications Corporation	32.6667%	30.2566%	64.5175%
CB Capital Investors, L.P.	13.0667%	12.1027%	7.5767%
Private Market Fund, L.P.	6.5333%	6.0513%	5.2876%
BMO Financial, Inc.	6.5333%	6.0513%	3.7883%
Scott W. Seaton	0.0000%	0.0000%	0.1499%
Thomas W. Keaveney	0.0000%	0.0000%	0.1499%
Commisso Members	20.2857%	25.8471%	9.6496%
Total	100.0000%	100.0000%	100.0000%

MEDIACOM LLC
Revaluation and Capital Contributions
(in units)

SCHEDULE B-2

	Chase Capital	U.S Investor	Commisso Investors	Morris Communications
Beginning Membership Units	2,940.9652	10,379.7640	14,474.3709	96,776.2471
Beginning Percent Ownership	1.9606%	6.9198%	9.6496%	64.5175%
12% Annual Preferred Return	648.7850	2,289.8044	3,193.0859	21,349.1052
25% to Commisso Members			8,272.6027	
80% of remaining to Members	3,892.0653	13,736.5512	19,155.3428	128,073.4203
20% of remaining to Commisso			49,627.3973	
Total After Revaluation	7,481.8155	26,406.1196	94,722.7996	246,198.7726
Capital Contributions on 11/03/99	-	256.2200	-	8,917.4640
Total After Capital Contributions	7,481.8155	26,662.3396	94,722.7996	255,116.2366
Ending Percent Ownership	1.6626%	5.9250%	21.0495%	56.6925%

	CB Capital	Private Market Fund	BMO Financial	Scott Seaton
Beginning Membership Units	11,365.0444	7,931.3262	5,682.5222	224.8800
Beginning Percent Ownership	7.5767%	5.2876%	3.7883%	0.1499%
12% Annual Preferred Return	2,507.1599	1,749.6723	1,253.5800	49.6091
25% to Commisso Members				
80% of remaining to Members	15,040.4686	10,496.2954	7,520.2343	297.6056
20% of remaining to Commisso				
Total After Revaluation	28,912.6729	20,177.2939	14,456.3365	572.0947
Capital Contributions on 11/03/99	512.4400	507.4160	256.2200	25.1200
Total After Capital Contributions	29,425.1129	20,684.7099	14,712.5565	597.2147
Ending Percent Ownership	6.5389%	4.5966%	3.2695%	0.1327%

	Thomas Keaveney	Total
Beginning Membership Units	224.8800	150,000.0000
Beginning Percent Ownership	0.1499%	100.0000%
12% Annual Preferred Return	49.6091	33,090.4109
25% to Commisso Members		8,272.6027
80% of remaining to Members	297.6056	198,509.5891
20% of remaining to Commisso		49,627.3973
Total After Revaluation	572.0947	439,500.0000
Capital Contributions on 11/03/99	25.1200	10,500.0000
Total After Capital Contributions	597.2147	450,000.0000

Ending Percent Ownership	0.1327%	100.0000%

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Schedule C

MEDIACOM LLC

Capital Commitments

($000)

	Existing Unfunded Capital Commitments Before U. S. Cable	New Capital Commitments	Total Unfunded Capital Commitments	Capital Calls for U.S. Cable Funding 1/15/98
Chase Manhattan Capital, L.P.	$0	$0	$0	$0
U.S. Investor, Inc.	$2,550	$0	$2,550	$2,294
Morris Communications Corporation	$12,750	$76,000	$88,750	$79,833
CB Capital Investors, L.P.	$5,100	$0	$5,100	$4,588
Private Market Fund, L.P.	$2,550	$2,500	$5,050	$4,543
BMO Financial, Inc.	$2,550	$0	$2,550	$2,294
Scott W. Seaton	$0	$250	$250	$225
Thomas W. Keaveney	$0	$250	$250	$225
Commisso Members	$0	$0	$0	$0
Total	$25,500	$79,000	$104,500	$94,000

	Unfunded Capital Commitments After U.S. Cable	Capital Calls for Triax Funding 11/3/99	Unfunded Capital Commitments After Triax	New Acquisition Funding (1) Jul-98
Chase Manhattan Capital, L.P.	$0	$0	$0	$0
U.S. Investor, Inc.	$256	$256	$0	$830
Morris Communications Corporation	$8,917	$8,917	$0	$28,876
CB Capital Investors, L.P.	$512	$512	$0	
Private Market Fund, L.P.	$507	$507	$0	$1,643
BMO Financial, Inc.	$256	$256	$0	$830
Scott W. Seaton	$25	$25	$0	
Thomas W. Keaveney	$25	$25	$0	$81
Commisso Members	$0	$0	$0	
Total	$10,500	$10,500	$0	$32,260

MEDIACOM LLC
IPO ILLUSTRATION
(in units)

SCHEDULE D

	Chase Capital	U.S. Investor	Commisso Investors	Morris Communications
Beginning Membership Units	2,940.9652	10,379.7640	14,474.3709	96,776.2471
Beginning Percent Ownership	1.9606%	6.9198%	9.6496%	64.5175%
12% Annual Preferred Return	648.7850	2,289.8044	3,193.0859	21,349.1052
25% to Commisso Members			8,272.6027	
80% of remaining to Members	3,892.0653	13,736.5512	19,155.3428	128,073.4203
20% of remaining to Commisso			49,627.3973	
Total After Revaluation	7,481.8155	26,406.1196	94,722.7996	246,198.7726
Equity Contributions on 10/31/99	-	256.2200	-	8,917.4640
Total After Equity Contribution	7,481.8155	26,662.3396	94,722.7996	255,116.2366
Ending Percent Ownership	1.6626%	5.9250%	21.0495%	56.6925%
$800 million Valuation per 8.8(d)				
IPO Carried Interest Valauation			132,000.0000	
80% Distribution to Members	2,899.6192	10,333.1379	36,710.3472	98,871.7148
20% Distribution to Members			43,600.0000	
Total	10,381.4346	36,995.4775	307,033.1468	353,987.9514
Ending Percent Ownership	1.2977%	4.6244%	38.3791%	44.2485%

Calculations per 8.8(d)		Totals		Commisso	
Prior Revaluation		450,000.0000		94,722.7996	
Manager Units		-		-	
Adjusted Revaluation		450,000.0000		94,722.7996	21.0495%
New Revaluation		800,000.0000			
IPO Carried Interest Valuation		132,000.0000		132,000.0000	
		668,000.0000			
Adjusted Revaluation		450,000.0000			
		218,000.0000			
Member Common Shares (80%)		174,400.0000		36,710.3472	21.0495%
Carry (20%)		43,600.0000		43,600.0000	
		-		307,033.1468	
				94,722.80	
	450,000.0000	7,481.8155	26,662.3396	94,722.80	255,116.2366
		1.6626%	5.9250%	21.0495%	56.6925%

	CB Capital	Private Market Fund	BMO Financial	Scott Seaton
Beginning Membership Units	11,365.0444	7,931.3262	5,682.5222	224.8800
Beginning Percent Ownership	7.5767%	5.2876%	3.7883%	0.1499%
12% Annual Preferred Return	2,507.1599	1,749.6723	1,253.5800	49.6091
25% to Commisso Members				
80% of remaining to Members	15,040.4686	10,496.2954	7,520.2343	297.6056

20% of remaining to Commisso				
Total After Revaluation	28,912.6729	20,177.2939	14,456.3365	572.0947
Equity Contributions on 10/31/99	512.4400	507.4160	256.2200	25.1200
Total After Equity Contribution	29,425.1129	20,684.7099	14,712.5565	597.2147
Ending Percent Ownership	6.5389%	4.5966%	3.2695%	0.1327%
$800 million Valuation per 8.8(d)				
IPO Carried Interest Valauation				
80% Distribution to Members	11,403.8660	8,016.4742	5,701.9330	231.4539
20% Distribution to Members				
Total	40,828.9789	28,701.1841	20,414.4895	828.6685
Ending Percent Ownership	5.1036%	3.5876%	2.5518%	0.1036%

Calculations per 8.8(d)

Prior Revaluation
Manager Units

Adjusted Revaluation

New Revaluation
IPO Carried Interest Valuation

Adjusted Revaluation

Member Common Shares (80%)
Carry (20%)

450,000.0000	29,425.1129	20,684.7099	14,712.5565	597.2147
	6.5389%	4.5966%	3.2695%	0.1327%

	Thomas Keaveney	Total
Beginning Membership Units	224.8800	150,000.0000
Beginning Percent Ownership	0.1499%	100.0000%
12% Annual Preferred Return	49.6091	33,090.4109
25% to Commisso Members		8,272.6027
80% of remaining to Members	297.6056	198,509.5891
20% of remaining to Commisso		49,627.3973
Total After Revaluation	572.0947	439,500.0000
Equity Contributions on 10/31/99	25.1200	10,500.0000
Total After Equity Contribution	597.2147	450,000.0000
Ending Percent Ownership	0.1327%	100.0000%
$800 million Valuation per 8.8(d)		
IPO Carried Interest Valauation		132,000.0000 -
80% Distribution to Members	231.4539	174,400.0000

-

20% Distribution to Members			43,600.0000
Total		828.6685	800,000.0000
Ending Percent Ownership		0.1036%	100.0000%

Calculations per 8.8(d)

Prior Revaluation
Manager Units

Adjusted Revaluation

New Revaluation
IPO Carried Interest Valuation

Adjusted Revaluation

Member Common Shares (80%)
Carry (20%)

450,000.0000	597.2147	450,000.0000
	0.1327%	100.0000%

EXHIBIT 3.4

FIFTH AMENDED AND RESTATED

OPERATING AGREEMENT

OF

MEDIACOM LLC

EFFECTIVE AS OF FEBRUARY 9, 2000

FIFTH AMENDED AND RESTATED OPERATING AGREEMENT OF

MEDIACOM LLC

THIS FIFTH AMENDED AND RESTATED OPERATING AGREEMENT (this "Agreement"), effective as of February 9, 2000 (the "Effective Date"), is made by the owner of 100% of the Membership Interests of Mediacom LLC, a New York limited liability company (the "Company").

RECITALS

WHEREAS, the Company was established as a limited liability company pursuant to an operating agreement dated as of July 17, 1995 (the "Original Operating Agreement"). Thereafter, the Original Operating Agreement was: amended and restated in its entirety as the Amended and Restated Operating Agreement of Mediacom LLC dated as of March 12, 1996 (the "Initial Amended and Restated Operating Agreement"); further amended and restated in its entirety as of March 31, 1997, and thereafter amended as of June 16, 1997 (the "Second Amended and Restated Operating Agreement"); further amended and restated in its entirety as of January 23, 1998 (the "Third Amended and Restated Operating Agreement"); and further amended and restated in its entirety as of November 19, 1999 (the "Fourth Amended and Restated Operating Agreement"); and

WHEREAS, following the Fourth Amended and Restated Operating Agreement, certain transactions (the "Mediacom IPO Transactions") were entered into pursuant to which: (i) the Company caused to be formed Mediacom Communications Corporation, a Delaware corporation (the "Corporation"); (ii) the Corporation engaged in an initial public offering of its Class A common stock ("Class A Shares"); and (iii) contemporaneously therewith, the Corporation became the sole Member of the Company by acquiring all of the Membership Interests of the Company from each of the Company's Members in exchange for Class A Shares, shares of Class B common stock of the Corporation ("Class B Shares") and warrants to acquire Class B Shares ("IPO Warrants"); and

WHEREAS, as a result of the Mediacom IPO Transactions, the sole member of the Company desires to amend and restate in its entirety the Fourth Amended and Restated Operating Agreement.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, it is hereby agreed as follows:

ARTICLE I
DEFINITIONS; DEFAULT RULE

SECTION 1.1 DEFINED TERMS. The following terms shall have the meanings set forth below when used in this Agreement with initial capital letters:

"ACT" or "THE NEW YORK LIMITED LIABILITY COMPANY ACT" shall mean the New York Limited Liability Company Act, as the same may be amended from time to time.

"AFFILIATE" shall mean, with respect to any Person, any other Person that controls, is controlled by or is under common control with such Person.

"AGREEMENT" shall mean this Agreement as it may be amended in writing from time to time; and the terms "HEREOF," "HERETO," "HEREBY" and "HEREUNDER," when used with reference to this Agreement, refer to this Agreement as a whole, unless the context otherwise requires,

"AVAILABLE CASH" shall mean the cash funds of the Company on hand from time to time (other than cash funds obtained as Capital Contributions or cash funds obtained from loans to the Company) after (i) payment of all operating expenses of the Company as of such time, (ii) provision for payment of all outstanding and unpaid current obligations of the Company as of such time, (iii) provision for a reasonable working capital reserve (including payment of anticipated capital expenditures) and (iv) provision for a reasonable reserve for claims against and debts and other obligations of the Company, the amounts of all of which shall be determined by the Managing Member.

"BUSINESS" shall mean the activities of acquiring, owning, selling, investing in, developing, designing, constructing, managing, operating, servicing, administering and/or maintaining, directly or indirectly, by or through one or more Subsidiaries, one or more CATV Systems and/or related businesses ancillary thereto (including, but not limited to, high-speed data service, Internet access, telephony services, and other telecommunications and telephony-related investments or businesses, and video wireless services and wireless communication services and other wireless-related investments or business) and/or one or more other businesses of the type and character now or hereafter conducted or engaged in by cable television operators generally.

"CAPITAL ACCOUNT" shall mean the individual accounts established and maintained for Members pursuant to Section 3.3 hereof.

"CAPITAL CONTRIBUTION" shall mean the total value of cash and property (net of liabilities assumed by the Company or to which the property is subject) contributed to the Company by or on behalf of any Member.

"CATV SYSTEM" shall mean any cable distribution system that receives broadcast signals by antennae, microwave transmission, satellite transmission or other device and amplifies and distributes such signals via cable.

"CERTIFICATE OF FORMATION" shall mean the Certificate of Formation of the Company filed with the Secretary of State, as the same may be amended from time to time.

"CLAIMS" shall have the meaning set forth in Section 8.2 of this Agreement.

"CODE" shall mean the Internal Revenue Code of 1986, as amended. All references herein to sections of the Code shall include any corresponding provision or provisions of succeeding law.

"COMPANY" shall mean "Mediacom LLC," a New York limited liability company.

"CONSENT" shall mean the consent, approval, ratification or adoption by a Person of any action, determination or decision. The Consent of the Members shall mean and require the Consent of Members owning all of the Membership Interests.

"CONTRACT" shall mean any contract, lease, license, easement, servitude, right-of-way, mortgage, security interest, bond, note or other agreement or instrument which creates legally enforceable rights or obligations.

"CONTROL" shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities or voting interests, by contract or otherwise.

"DEBT COVENANT" shall mean any provision of any Contract to which the Company is a party, or by which its assets are bound, which imposes one or more restrictions on the financial activities or transactions of the Company, including, but not limited to, the disbursement or other transfer of money or property to Members.

"DEFAULT RULE" shall mean a rule stated in the Act that (a) structures, defines, or regulates the finances, governance, operations, or other aspects of a limited liability company organized under the Act and (b) applies except to the extent it is negated or modified through the provisions of a limited liability company's certificate of formation or operating agreement.

"DISSOLUTION EVENT" shall have the meaning set forth in section 7.1 hereof.

"EFFECTIVE DATE" shall mean February 9, 2000.

"ENTITY" shall mean any association, corporation, general partnership, limited partnership, limited liability partnership, limited liability company, joint stock association, joint venture, firm, trust, employee benefit plan, syndicate, business trust or cooperative, or any other enterprise of any nature, foreign or domestic, through which associates join together for the conduct of business or investment.

"INDEMNIFIED PERSONS" shall mean the Members, the Managing Member and the Tax Matters Partner, and their respective officers, directors, employees, agents, stockholders,

members and Affiliates, and any person who serves at the request of the Managing Member on behalf of the Company as a partner, member, officer, director, employee or agent of any other Person; PROVIDED that for purposes of this definition, an "agent" who or which is an independent agent shall be an Indemnified Person only to the extent that the Company or the Managing Member has a legal or contractual obligation to indemnify such agent, it being understood that this Agreement is not intended to create any such obligation, and that any indemnification of an independent agent shall be subject to and limited by the terms of such legal or contractual obligation.

"LIQUIDATOR" shall have the meaning set forth in Section 7.4 hereof.

"MANAGING MEMBER" shall mean the Person who, with respect to the affairs and activities of the Company, shall have and possess, except as otherwise expressly provided in this Agreement, all rights, powers, obligations and authority of a managing member of a limited liability company under the Act, subject to any restrictions and limitations imposed thereon by the Act or this Agreement. Without limiting the generality of the foregoing, the Managing Member shall have all rights, powers and authority to act for and legally bind the Company as provided by Article IV of this Agreement and under applicable provisions of the Act. The sole Managing Member shall be Mediacom Communications Corporation.

"MEDIACOM COMMUNICATIONS CORPORATION" shall mean Mediacom Communications Corporation, a Delaware corporation.

"MEDIACOM LLC" shall mean Mediacom LLC, a New York limited liability company.

"MEMBER" means any individual or Entity owning and holding a Membership Interest. All owners and holders of Membership Interests are collectively referred to as "MEMBERS."

"MEMBERSHIP INTEREST" shall mean the entire ownership interest of a Member in the Company at any particular time, expressed as a percentage, including the right of such Member to any and all benefits to which a Member may be entitled as provided in this Agreement and under the Act, together with the obligations of such Member to comply with all of the terms and provisions of this Agreement and the Act.

"NET PROFITS" or "NET LOSSES" means the income or loss of the Company for "book" or "capital account" purposes under Treasury Regulations Section 1.704-1(b)(2)(iv).

"NON-MANAGING MEMBER" shall mean any Member other than the Managing Member.

"PERSON" shall mean any individual or Entity.

"PRINCIPAL OFFICE" shall mean the principal place of business of the Company as may be established pursuant to Section 2.5 hereof.

"SECRETARY OF STATE" shall mean the Secretary of State of the State of New York.

"SUBSIDIARY" shall mean any Entity Controlled by the Company.

"TAXABLE INCOME" shall mean, with respect to each fiscal year of the Company, the sum of (i) the amount by which the ordinary income of the Company exceeds its ordinary loss, and (ii) the amount by which the capital gain of the Company exceeds the sum of (A) its capital loss and (B) the excess of its ordinary loss over its ordinary income.

"TRANSFER" or "TRANSFERRED" shall mean to give, sell, assign, pledge, hypothecate, devise, bequeath, or otherwise dispose of, encumber, or transfer, or permit to be disposed of, encumbered, or transferred.

"TREASURY REGULATIONS" shall mean the regulations promulgated by the Internal Revenue Service under the Code, as the same from time to time may be amended.

SECTION 1.2 RELATIONSHIP OF AGREEMENT TO DEFAULT RULES. Regardless whether this Agreement specifically refers to a particular Default Rule: (a) if any provision of this Agreement conflicts with a Default Rule, the provision of this Agreement controls and the Default Rule is modified or negated accordingly; and (b) if it is necessary to construe a Default Rule as modified or negated in order to effectuate any provision of this Agreement, the Default Rule shall be modified or negated accordingly.

SECTION 1.3 RELATIONSHIP OF AGREEMENT OF CERTIFICATE OF FORMATION. If a provision of this Agreement differs from a provision of the Certificate of Formation, this Agreement shall govern to the extent allowed by law.

ARTICLE II
ORGANIZATION

SECTION 2.1 FORMATION. One or more Persons has acted as an organizer to form a limited liability company under the Act by filing with the Secretary of State a Certificate of Formation for the Company. The filing of the Certificate of Formation of the Company and the terms thereof are hereby ratified, adopted, approved and Consented to by the Members.

SECTION 2.2 NAME. The Company's business, activities and affairs shall be conducted and administered under the name of the Company as set forth in the definition of the Company in Section 1.1 until such time as the Managing Member shall hereafter determine a different name and file an amendment to the Certificate of Formation in accordance with the Act designating such different name as the name of the Company.

SECTION 2.3 PURPOSE. The Company has been formed for any lawful purpose or purposes under the Act. The initial purpose of the Company shall be to engage in and conduct the Business and to do all things incidental thereto. The Company shall possess and shall be empowered to do all lawful acts and things that the Managing Member may deem necessary,

advisable, convenient, incidental to or otherwise proper and appropriate for the furtherance and accomplishment of the purposes of the Company.

SECTION 2.4 TERM. The term of the Company commenced on the date of the filing of the Certificate of Formation with the Secretary of State and shall continue until the expiration date, if any, set forth in such Certificate unless sooner terminated in accordance with the provisions of this Agreement or by operation of law.

SECTION 2.5 PRINCIPAL OFFICE. The principal office of the Company shall be 100 Crystal Run Road, Middletown, New York 10941. The Company may establish such other place(s) of business as the Managing Member may, from time to time, deem necessary, convenient, advisable or otherwise appropriate.

SECTION 2.5 REGISTERED AGENT AND REGISTERED OFFICE. The registered agent and registered office of the Company shall be as designated in the Certificate of Formation. The registered office and registered agent may be changed from time to time by the Managing Member filing the address of the new registered office and/or the name of the new registered agent with the Secretary of State as provided in the Act.

SECTION 2.6 FOREIGN QUALIFICATION. Prior to the Company conducting business in any jurisdiction other than the State of New York, the Managing Member shall cause the Company to comply, to the extent procedures are available, with all requirements necessary to qualify the Company as a foreign limited liability company in such jurisdiction. Each Member shall execute, acknowledge, swear to and deliver all certificates and other instruments conforming to this Agreement that are necessary or appropriate to qualify, or, as appropriate, to continue or terminate such qualification of the Company as a foreign limited liability company in all such jurisdictions in which the Company may conduct business.

ARTICLE III
MEMBERS

SECTION 3.1 MEMBERSHIP INTERESTS. As of the Effective Date, the Membership Interests in the Company are owned and held as follows:

Member	Membership Units	Membership Interest Percentage Ownership
Mediacom Communications Corporation	1,225,000	100%

SECTION 3.2 CAPITAL CONTRIBUTIONS. No Member shall be obligated to make any contributions to the capital of the Company.

SECTION 3.3 CAPITAL AND CAPITAL ACCOUNTS.

(a) An individual capital account (the "Capital Account") shall be established and maintained on behalf of each Member in accordance with federal income tax accounting principles and Treasury Regulation Section 1.704-1(b).

(b) Except as may be determined by the Managing Member and approved by the Consent of the Members, no Member shall be required to make any Capital Contributions to the Company. The Capital Account of any Member who makes a Capital Contribution shall be credited for the amount of such Capital Contribution, but no such Member shall receive an increased Membership Interest in the Company for making any Capital Contribution unless Consented to by the Managing Member.

(c) No interest shall be paid on any Capital Contribution or on a Member's balance in its Capital Account.

(d) Loans or services by any Member to the Company shall not be considered contributions to the capital of the Company.

(e) No Member shall have the right to withdraw its Capital Contribution or to demand and receive property of the Company or any distribution in return for its Capital Contribution, except as may be specifically provided in this Agreement or required by law.

(f) Except as may be required by the Act, no Member shall have any liability or obligation to the Company or to another Member to restore a negative or deficit balance in such Member's Capital Account.

(g) The Company shall increase or decrease the Capital Accounts of all Members to reflect a revaluation of Company assets in accordance with, and upon the happening of such events as described in, Treasury Regulations Section 1.704-1(b)(2)(iv)(f).

SECTION 3.4 LIMITATION ON LIABILITY. No Member shall be liable under a judgment, decree, or order of a court, or in any other manner, for a debt, obligation or liability of the Company, except as provided by law. No Member shall make or be required to make a loan of funds to the Company, except that a Member may make a loan to the Company with the written Consent of, and on such terms as are determined by, the Managing Member.

SECTION 3.5 NO INDIVIDUAL AUTHORITY. No Member shall have any authority to act for, or to undertake or assume any obligation, debt, duty or responsibility on behalf of, any other Member or the Company.

SECTION 3.6 NO MEMBER RESPONSIBLE FOR OTHER MEMBER'S COMMITMENT. In the event any Member has incurred any indebtedness or obligation prior to the date of formation of the Company that relates to or otherwise affects the Company, neither the Company nor any other Member shall have any liability or responsibility for or with respect to such indebtedness or obligation unless such indebtedness or obligation is expressly assumed in writing by the Company and Consented to by the Managing Member. Furthermore, neither the Company nor

any Member shall be responsible or liable for any indebtedness or obligation that is hereafter incurred by any other Member except as expressly provided in this Agreement. In the event that a Member, whether prior to or after the effective date of this Agreement, incurs (or has incurred) any debt or obligation for which neither the Company nor any other Member has any responsibility or liability, the liable Member shall indemnify and hold harmless the Company and the other Members from and against any liability or obligation they may incur in respect thereof.

SECTION 3.7 TRANSFER OF MEMBERSHIP INTERESTS. No Member may Transfer all or any part of its Membership Interest except upon the Consent of the Managing Member.

ARTICLE IV
MANAGEMENT

SECTION 4.1 MANAGEMENT. The overall management, operation and control of the business, activities and affairs of the Company shall be vested exclusively in the Managing Member, Mediacom Communications Corporation. In the event the Managing Member is unable or unwilling to serve in such capacity, a replacement and successor shall be chosen and appointed by Consent of the Members.

SECTION 4.2 POWERS. The Managing Member shall have all of the rights, powers and authority of a managing member of a limited liability company under the Act and otherwise as provided by law. Except as otherwise expressly provided in this Agreement, the Managing Member is hereby vested with the full, exclusive and complete right, power, authority and discretion to manage, operate and control the activities and affairs of the Company and to make all decisions affecting the Company, as deemed necessary, advisable, convenient or otherwise appropriate by the Managing Member to carry on the Business and purposes of the Company. Without limiting the generality of the foregoing, the Members hereby expressly agree and Consent that the Managing Member may, on behalf of the Company, at any time, and without further notice to or Consent from any Non-Managing Member (except to the extent otherwise expressly provided in this Agreement), do or cause the company to do each of the following:

(a) own, sell, assign, mortgage, license or lease, any real or personal property, tangible or intangible;

(b) acquire by purchase, license, lease, or otherwise, any real or personal property, tangible or intangible;

(c) sell, trade, exchange or otherwise dispose of Company assets in the ordinary course of the Company's business;

(d) supervise the management of the Company and provide or arrange for managerial services or assistance to be provided to the Company;

(e) appoint, employ and dismiss from employment any and all officers, employees, attorneys, accountants, consultants and other agents of the Company;

(f) incur expenditures for, and pay all expenses, debts and obligations of, the Company;

(g) open, maintain and close bank accounts of the Company and draw checks or other orders for the payment of money thereon;

(h) borrow money, and extend or obtain credit, for and on behalf of the Company;

(i) except as otherwise expressly provided in this Agreement, enter into, execute, amend, supplement, acknowledge and deliver any and all Contracts or other instruments or documents as that the Managing Member shall determine to be necessary, advisable, convenient or otherwise appropriate in furtherance of the Business or purposes of the Company;

(j) purchase at the expense of the Company liability and other insurance to protect the Company's properties, business and employees and to protect the Managing Member, Members, and any Affiliate, officer, director or employee of any of the foregoing;

(k) sue, prosecute, settle or compromise all claims against third parties and compromise, settle or accept judgment in respect of claims against the Company and execute all documents and make all representations, admissions and waivers in connection therewith;

(l) act as the Tax Matters Partner of the Company and exercise any authority permitted the Tax Matters Partner under the Code and Treasury Regulations, and take whatever steps such Tax Matters Partner, in its reasonable discretion, deems necessary or desirable to perfect such designation, including filing any forms and documents with the Internal Revenue Service and taking such other action as may from time to time be required under Treasury Regulations;

(m) execute any and all other instruments and documents which may be necessary or, in the opinion of the Managing Member, desirable or convenient to carry out the intent and purpose of this Agreement, including, but not limited to, documents whose operation and effect extend beyond the term of the Company;

(n) form one or more Subsidiaries of the Company to acquire properties, operate and conduct all or any portion of the Business and engage in any and all activities authorized hereunder; and

(o) take any other lawful action that the Managing Member, in its sole discretion, considers necessary, convenient or advisable in connection with the Business, purposes and activities of the Company.

SECTION 4.3 COMPENSATION. The Managing Member shall serve in such capacity without compensation; it being understood, however, that the Managing Member shall be entitled

to reimbursement from the Company for all costs and expenses incurred by the Managing Member in performing its duties hereunder.

SECTION 4.4 RELIANCE BY THIRD PARTIES. Third parties dealing with the Company may rely conclusively upon any certificate of the Managing Member to the effect that it is acting on behalf of the Company. The signature of the Managing Member shall be sufficient to bind the Company in every manner to any and all Contracts, instruments and other documents drawn or entered into in connection with the Business or purposes of the Company.

SECTION 4.5 DELEGATION OF DUTIES. The Managing Member may delegate to any Person any of the duties, powers and authority vested in it hereunder on such terms and conditions as the Managing Member may consider appropriate. Any Person so appointed shall be subject to removal at any time at the discretion of the Managing Member, and shall report to and consult with the Managing Member at such times and in such manner as the Managing Member may direct.

SECTION 4.6 EXISTING MANAGEMENT AGREEMENTS. Any and all Contracts (the "Prior Management Agreements") between Mediacom Management Corporation, a Delaware corporation, and the Company or any of its Subsidiaries providing for Mediacom Management Corporation to render managerial services to the Company and/or any of its Subsidiaries are terminated and cancelled as of the Effecti"e Date.

SECTION 4.6 CONTRACTS WITH AFFILIATES. The Managing Member is authorized to cause the Company and any of its Subsidiaries to enter into Contracts with Affiliates of the Company or the Managing Member in respect of property, services, or credit in the ordinary course of business, but only if the terms thereof are economically comparable to, and no less advantageous to the Company than, terms available from a Person not an Affiliate with respect to a comparable transaction. Without limiting the generality of the foregoing, the Managing Member is authorized to cause the Company and any of its Subsidiaries to enter into one or more Contracts with the Managing Member pursuant to which the Managing Member will render management services to the Company or any of its Subsidiaries, as the case may be, upon terms that are comparable to the terms contained in the Prior Management Agreements between Mediacom Management Corporation and Affiliates of the Company concerning such services.

ARTICLE V
ALLOCATIONS AND DISTRIBUTIONS

SECTION 5.1 ALLOCATION OF NET PROFITS OR NET LOSSES.

(a) Except as otherwise expressly provided in this Article V, and subject to the provisions of Section 704(c) of the Code, Net Profits or Net Losses of the Company shall be allocated to the Members pro rata in accordance with their respective Membership Interests.

(b) No allocation of Net Losses or other item of loss or deduction shall be made to a Member if it is determined that such allocation will cause the Member's Capital Account to have

a deficit balance in excess of any amount such Member is obligated to restore within the meaning of Treasury Regulations Sections 1.704-l(b) and 1.704-2, after taking into account the adjustments described in Treasury Regulations Sections 1.704-1(b)(2)(ii)(d)(4), (5) and (6).

SECTION 5.2 DISTRIBUTIONS. Subject to any Debt Covenant(s) to which the Company at the time may be bound, the Company shall distribute to all of the Members, in proportion to their respective Membership Interests, all or any portion of its Available Cash at such times and in such amounts as shall be determined by the Managing Member.

ARTICLE VI
ACCOUNTING AND RECORDS

SECTION 6.1 RECORDS AND ACCOUNTING; FISCAL YEAR. The books and records of the Company shall be kept, and the financial position and the results of its operations recorded, in accordance with Generally Accepted Accounting Principles, consistently applied. The books and records of the Company shall reflect all Company transactions and shall be appropriate and adequate for the Company's business. The fiscal year of the Company for financial reporting and for federal income tax purposes shall be the calendar year.

SECTION 6.2 ACCESS TO RECORDS. All books and records of the Company shall be maintained at the Principal Office of the Company and each Member, and its duly authorized representative, shall have access to such records at such office and the right to inspect and copy them at reasonable times.

SECTION 6.3 ACCOUNTING DECISIONS. Except as otherwise specifically set forth herein, all decisions concerning accounting matters relating to the Company shall be made by the Managing Member. The Managing Member may rely upon the advice of the Company's accountants in making such decisions.

SECTION 6.4 TAX DECISIONS. Except as otherwise specifically set forth herein, all decisions concerning tax elections and other tax matters relating to the Company shall be made by the Managing Member. The Managing Member may rely upon the advice of the Company's accountants and other tax advisors in making such decisions.

ARTICLE VII
DISSOLUTION

SECTION 7.1 DISSOLUTION. The Company shall be dissolved upon the happening of any of the following events (each, a "Dissolution Event"):

(a) the expiration of the period fixed for the duration of the Company in its Certificate of Formation;

(b) the Consent of the Members;

(c) the occurrence of an event described in the Act regarding bankruptcy or insolvency of any Member; or

(d) the entry of a decree of judicial dissolution under the Act.

SECTION 7.2 VOLUNTARY WITHDRAWAL. Except as expressly permitted in this Agreement, no Member shall voluntarily withdraw or take any other voluntary action which, directly or indirectly, would cause a Dissolution Event.

SECTION 7.3 EFFECT OF DISSOLUTION. Except as permitted by the Act, upon dissolution the Company shall cease to carry on its business, shall wind-up its affairs and shall terminate its existence as provided in this Agreement and the Act.

SECTION 7.4 WINDING UP; LIQUIDATION. Upon dissolution, an accounting shall be made by the Company's independent accountants of the accounts of the Company and of the Company's assets, liabilities and operations, from the date of the previous accounting until the date of the Dissolution Event, and the Managing Member shall appoint a liquidator (the "Liquidator") to liquidate and wind up the affairs of the Company. The Liquidator shall sell or otherwise liquidate all of the Company's assets as promptly as practicable and allocate any profit or loss resulting from sales of Company assets to the Members in accordance with this Agreement.

SECTION 7.5 DISTRIBUTION OF ASSETS. The Liquidator shall distribute all proceeds from liquidation in the following order of priority:

(a) first, to the payment of all expenses of liquidation and all debts and liabilities of the Company (including liabilities to Members who are creditors of the Company to the extent permitted by law);

(b) second, to the setting up of such reserves as the Liquidator may deem reasonably necessary for any contingent liabilities of the Company; and

(c) third, PRO RATA to the Members in accordance with the positive balances in their Capital Accounts (as determined after taking into account adjustments required under Treasury Regulation Section 1.704-1 (b)(2)(ii)(b)(2)).

SECTION 7.6 DEFICIT CAPITAL ACCOUNTS. Notwithstanding anything to the contrary in this Agreement, upon a liquidation within the meaning of Treasury Regulation Section 1.704-1(b)(2)(ii)(g), if any Member has a deficit Capital Account (after giving effect to all contributions, distributions, allocations and other Capital Account adjustments for all Fiscal Years, including the year in which the liquidation occurs), such Member shall have no obligation to make any contribution to the capital of the Company, and the negative balance of such Member's Capital Account shall not be considered a debt owed by such Member to the Company or to any other Person for any purpose whatsoever.

SECTION 7.7 TERMINATION. Upon completion of the winding up, liquidation and distribution of assets, the Company shall be deemed terminated and the Liquidator shall file a Certificate of Cancellation with the Secretary of State and take such other actions as may be necessary to terminate the Company.

ARTICLE VIII
INDEMNIFICATION

SECTION 8.1 EXCULPATORY PROVISIONS. No Indemnified Person shall be liable, directly or indirectly, to the Company or to any other Member for any act or omission in relation to the Company or this Agreement taken or omitted by such Indemnified Person in good faith, PROVIDED that such act or omission does not constitute gross negligence, fraud or willful violation of the law or this Agreement.

SECTION 8.2 INDEMNIFICATION OF MEMBERS. The Company shall, to the fullest extent permitted by the Act, indemnify and hold harmless each Indemnified Person against all claims, liabilities and expenses of whatsoever nature ("CLAIMS") relating to activities undertaken in connection with the Company, including but not limited to, amounts paid in satisfaction of judgments, in compromise or as fines and penalties, and counsel, accountants' and experts' and other fees, costs and expenses reasonably incurred in connection with the investigation, defense or disposition (including by settlement) of any action, suit or other proceeding, whether civil or criminal, before any court or administrative body in which such Indemnified Person may be or may have been involved, as a party or otherwise, or with which such Indemnified Person may be or may have been threatened, while acting as such Indemnified Person, PROVIDED that no indemnity shall be payable hereunder against any liability incurred by such Indemnified Person by reason of such Indemnified Person's gross negligence, fraud or willful violation of law or this Agreement or with respect to any matter as to which such Indemnified Person shall have been adjudicated not to have acted in good faith.

SECTION 8.3 ADVANCE OF EXPENSES. Expenses incurred by an Indemnified Person in defense or settlement of any Claim that may be subject to a right of indemnification hereunder may be advanced by the Company prior to the final disposition thereof upon receipt of an undertaking by or on behalf of the Indemnified Person to repay such amount if it shall ultimately be determined that the Indemnified Person is not entitled to be indemnified by the Company.

SECTION 8.4 CONTROL OF CLAIM. The Company shall have the right to select counsel (provided such counsel is reasonably satisfactory to the Indemnified Person) and to control the defense of any action giving rise to a Claim, PROVIDED that an Indemnified Person may nevertheless employ counsel to represent and defend it, but the Company will not be required to pay the fees and disbursements of more than one counsel in any jurisdiction in any proceeding (unless by reason of potential conflicts of interest, representation by more than one counsel is necessary). The right of the Company to control the defense of any action shall not include the right to enter into a settlement with respect to such action, unless such settlement is for money damages only (and the Company first posts a bond or other security satisfactory to the Indemnified Person sufficient to cover the full amount of the proposed settlement).

SECTION 8.5 NON-EXCLUSIVITY. The right of any Indemnified Person to the indemnification provided herein shall be cumulative of, and in addition to, any and all rights to which such Indemnified Person may otherwise be entitled by contract or as a matter of law or equity and shall extend to such Indemnified Person's successors, assigns and legal representatives.

SECTION 8.6 SATISFACTION FROM COMPANY ASSETS. All judgments against the Company or an Indemnified Person, in respect of which such Indemnified Person is entitled to indemnification, shall first be satisfied from Company assets before the Indemnified Person is responsible therefor.

SECTION 8.7 NOTICES OF CLAIMS. Promptly after receipt by an Indemnified Person of notice of the commencement of any action or proceeding or threatened action or proceeding involving a Claim, such Indemnified Person shall, if a claim for indemnification in respect thereof is to be made against the Company, give written notice to the Company and each other Member of the commencement of such action, PROVIDED that the failure of any Indemnified Person to give notice as provided herein shall not relieve the Company of its obligations under this Article except to the extent that the Company is actually prejudiced by such failure to give notice. Each such Indemnified Person shall keep the Company and each other Member apprised of the progress of any such proceeding.

ARTICLE IX
MISCELLANEOUS

SECTION 9.1 NOTICES. Any notice to be given or to be served upon the Company or any Member in connection with this Agreement must be in writing and will be deemed to have been given and received when delivered to the Principal Office, in the case of notice to the Company, or to the last known address of the Member as reflected in the records of the Company. Any Member or the Company may, at any time by giving five (5) days' prior written notice to the other Members and the Company, designate any other address in substitution of the foregoing address to which such notice will be given.

SECTION 9.2 COMPLETE AGREEMENT. This Agreement, the Certificate of Formation and the Act constitute the complete and exclusive statement of agreement among the Members with respect to the subject matter hereof. This Agreement and the Certificate of Formation supersede any and all prior written and oral statements, agreements and understandings between the Members concerning the subject matter of this agreement, including, without limitation, all of the terms contained in the Fourth Amended and Restated Operating Agreement, and no term, statement, agreement or understanding not contained in this Agreement shall be binding on any Member or the Company or have any force or effect whatsoever.

SECTION 9.3 AMENDMENTS. This Agreement may be amended only by written Consent of the Members.

SECTION 9.4 BINDING EFFECT. This Agreement will be binding upon and inure to the benefit of the Members and the Company, and their respective successors and assigns.

SECTION 9.5 NO THIRD PARTY BENEFICIARY. This Agreement is made solely and specifically among and for the benefit of the Members and the Managing Member and their respective successors and assigns, and no other person will have any right, interest, or claim hereunder or be entitled to any benefits under or on account of this Agreement as a third party beneficiary or otherwise.

SECTION 9.6 SEVERABILITY. If any provision of this Agreement is held to be illegal, invalid, or unenforceable under the present or future laws effective during the term of this Agreement, such provision shall be fully severable, this Agreement will be construed and enforced as if such illegal, invalid, or unenforceable provision had never comprised a part of this Agreement, and the remaining provisions of this Agreement shall remain in full force and effect and will not be affected by the illegal, invalid, or unenforceable provision or by its severance from this Agreement.

SECTION 9.7 MULTIPLE COUNTERPARTS. This Agreement may be executed in several counterparts, each of which will be deemed an original but all of which will constitute one and the same instrument.

SECTION 9.8 ADDITIONAL DOCUMENTS AND ACTS. Each Member agrees to execute and deliver such additional documents and instruments and to perform such additional acts as may be necessary or appropriate to effectuate, carry out and perform all of the terms, provisions. and conditions of this Agreement and the transactions contemplated hereby.

SECTION 9.9 HEADINGS. All headings herein are inserted only for convenience and ease of reference and are not to be considered in the construction or interpretation of any provision of this Agreement.

SECTION 9.10 GOVERNING LAW. This Agreement and the rights and obligations of the parties hereunder shall be governed by, interpreted, and enforced in accordance with the laws of the State of New York without giving effect to principles of conflicts of laws.

IN WITNESS WHEREOF, the sole Member and Manager Member of Mediacom LLC has execute this Agreement effective as of the date set forth above.

SOLE MEMBER AND MANAGING MEMBER
MEDIACOM COMMUNICATIONS CORPORATION
(a Delaware corporation)

By: /s/________________________________
Name: Rocco B. Commisso
Title: Chairman and Chief Executive Officer

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