SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K/A-1

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

For the fiscal year ended December 31, 1998

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

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

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

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

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

Securities registered pursuant to Section 12(b) of the Exchange Act: None
Securities registered pursuant to Section 12(g) of the Exchange Act: None

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

Yes X No

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: Not Applicable

State the aggregate market value of the common equity held by non-affiliates of the Registrants: Not Applicable

Indicate the number of shares outstanding of the Registrants' common stock: Not Applicable

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

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

Introduction

Mediacom was founded in July 1995 principally to acquire, operate and develop cable television systems in selected non-metropolitan markets of the United States. The Company's business strategy is to: (i) acquire underperforming and undervalued cable television systems primarily in non-metropolitan markets, as well as related telecommunications businesses; (ii) invest in the development of a state-of-the-art technological platform for delivery of broadband video and other services to its customers; (iii) provide superior customer service; and (iv) deploy a flexible financing strategy to complement the Company's growth objectives and operating plans. The Company commenced operations in March 1996 with the acquisition of its first cable television system. As of December 31, 1998, the Company had completed nine acquisitions of cable television systems that on such date passed approximately 520,000 homes and served approximately 354,000 basic subscribers. All acquisitions have been accounted for under the purchase method of accounting and, therefore, the Company's historical results of operations include the results of operations for each acquired system subsequent to its respective acquisition date.

General

The Company's revenues are primarily attributable to monthly subscription fees charged to basic subscribers for the Company's basic and premium cable television programming services. Basic revenues consist of monthly subscription fees for all services (other than premium programming) as well as monthly charges for customer equipment rental and installation fees. Premium revenues consist of monthly subscription fees for programming provided in packages on a per channel basis. Other revenues are derived from pay-per-view charges, late payment fees, advertising revenues and commissions related to the sale of goods by home shopping services. The Company generated significant increases in revenues for each of the past two years and for the period ended December 31, 1996, substantially due to acquisitions. The following table sets forth for the periods indicated the percentage of the Company's total revenues attributable to the sources indicated:

	1998	1997	1996
Basic revenues	80.0%	81.0%	80.0%
Premium revenues	15.0%	9.0%	8.0%
Other revenues	5.0%	10.0%	12.0%
	100.0%	100.0%	100.0%

The Company's operating expenses consist of service costs and selling, general, and administrative ("SGA") expenses directly attributable to the 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 offered by the Company and improvements in the quality of programming. The Company believes that under the FCC's existing cable rate regulations, it will be able to increase its rates for cable television services to more than cover any increases in the costs of programming. However, competitive factors may limit the Company's ability to increase its rates. The Company benefits from its membership in a cooperative with over twelve million basic subscribers which provides its members with significant volume discounts from programming suppliers and cable equipment vendors. SGA expenses directly attributable to the 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.

The Company relies on Mediacom Management for all of its strategic, managerial, financial and operational oversight and advice. In exchange for all such services, Mediacom Management is entitled to receive annual management fees from 4.0% to 5.0% of the annual gross revenues of the Company. Mediacom Management is also entitled to receive a fee of 0.5% or 1.0% of the purchase price of acquisitions made by the Company and such fees are included in other expenses. See Item 13: Certain Relationships and Related Transactions.

The high level of depreciation and amortization associated with the Company's acquisition activities as well as the interest expense related to its financing activities have caused the Company to report net losses in its limited operating history. The Company believes that such net losses are common for cable television companies and anticipates that it will continue to incur net losses for the foreseeable future.

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

Results of Operations

The following table sets forth the Company's historical percentage relationship to revenues of items in the consolidated statements of operations:

	Percentage of Revenues Year Ended December 31,		
	1998	1997	1996
Revenues	100.0%	100.0%	100.0%
Service costs	33.9	31.5	27.9
SGA expenses	19.8	15.3	17.2
Management fee expense	4.5	5.0	5.0
Depreciation and amortization	50.9	43.3	39.9
Operating income (loss)	(9.1%)	4.9%	10.0%
Interest expense	18.6	27.4	28.2
Other expenses	3.1	3.6	17.9
Net loss	(30.8%)	(26.1%)	(36.1%)
Other Data:			
EBITDA	41.8%	48.2%	49.9%

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 (acquired on June 24, 1997), the Sun City System (acquired on September 19, 1997), the Clearlake System (acquired on January 9, 1998), the Cablevision Systems (acquired on January 23, 1998), and the Caruthersville System (acquired on October 1, 1998) (collectively, the "Acquired Systems") only for that portion of the respective period that such cable television systems were owned by the Company. See Note 3 of the Company's audited consolidated financial statements.

The Acquired Systems comprise a substantial portion of the Company's basic subscribers. At December 31, 1998, the Acquired Systems served approximately 328,350 basic subscribers, representing 92.8% of the approximately 354,000 subscribers served by the Company as of such date. Accordingly, the acquisitions of the Acquired Systems have had a significant impact on the results of operations for the year ended December 31, 1998, compared to the prior year. Consequently, the Company believes that any comparison of its results of operations between the years ended December 31, 1998 and 1997 are not indicative of the Company's results of operations in the future.

Revenues increased to approximately $129.3 million for the year ended December 31, 1998, from approximately $17.6 million for the prior fiscal year principally due to: (i) the inclusion of the results of operations of the Lower Delaware System and the Sun City System for the full year ended December 31, 1998; (ii) the inclusion of the results of operations of the Clearlake System, the Cablevision Systems and the Caruthersville System from their respective acquisition dates; (iii) the implementation of average monthly basic service rate increases of approximately $3.34 per basic subscriber; and (iv) internal basic subscriber growth of approximately 2.5%.

Service costs increased to approximately $43.8 million for the year ended December 31, 1998, from approximately $5.5 million for the prior fiscal year. Substantially all of this increase was due to the inclusion of the results of operations of the Acquired Systems. Of the service costs for the year ended December 31, 1998, approximately 72.0% were attributable to programming and copyright costs, 11.0% to technical personnel costs, and 17.0% to plant operating costs. Of the service costs for the prior fiscal year, approximately 70.0% were attributable to programming and copyright costs, 15.0% to technical personnel costs, and 15.0% to plant operating costs.

SGA expenses increased to approximately $25.6 million for the year ended December 31, 1998, from approximately $2.7 million for the prior fiscal year. Substantially all of this increase was due to the inclusion of the results of operations of the Acquired Systems. Of the SGA expenses for the year ended December 31, 1998, 28.0% were attributable to customer service and administrative personnel costs, 23.0% to franchise fees, other fees and taxes, 12.0% to customer billing expenses, and 37.0% to marketing, advertising sales and office administration expenses. Of the SGA expenses for the prior fiscal year, approximately 36.0% were attributable to customer service and administrative personnel costs, 9.0% to franchise fees, other fees and taxes, 13.0% to customer billing expenses, and 42.0% to marketing, advertising sales and office administration expenses.

Management fee expense increased to approximately $5.8 million for the year ended December 31, 1998, from approximately $0.9 million for the prior fiscal year due to the higher revenues generated in 1998.

Depreciation and amortization expense increased to approximately $65.8 million for the year ended December 31, 1998, from approximately $7.6 million for the prior fiscal year.

Due to the factors described above, the Company generated an operating loss of approximately $11.7 million for the year ended December 31, 1998, compared to operating income of $0.9 million for the prior fiscal year.

Interest expense, net, increased to approximately $24.0 million for the year ended December 31, 1998, from approximately $4.8 million for the prior fiscal year. This increase was substantially due to the additional debt incurred in connection with the purchase of the Acquired Systems. Other expenses increased to approximately $4.1 million for the year ended December 31, 1998, from approximately $0.6 million for the prior fiscal year. This increase was substantially due to acquisition fees paid to Mediacom Management in connection with the acquisitions of the Clearlake System and the Cablevision Systems.

Due to the factors described above, the net loss increased to approximately $39.8 million for the year ended December 31, 1998, from approximately $4.6 million for the prior fiscal year.

EBITDA increased to approximately $54.1 million for the year ended December 31, 1998, from approximately $8.5 million for the prior fiscal year. This increase was substantially due to the inclusion of the results of operations of the Acquired Systems. EBITDA as a percentage of revenues decreased to 41.8% for the year ended December 31, 1998, from 48.3% for the prior fiscal year. This decrease was principally due to the higher programming costs and SGA expenses of the Acquired Systems in relation to the revenues generated by such cable television systems.

Year Ended December 31, 1997 Compared to the Period from March 12, 1996 (commencement of operations) to December 31, 1996

The following historical information includes the results of operations of the Ridgecrest System (acquired on March 12, 1996, which is the date of commencement of operations of the Company), the Kern Valley System (acquired on June 28, 1996), the Valley Center and Nogales Systems (acquired on December 27, 1996), the Lower Delaware System (acquired on June 24, 1997) and the Sun City System (acquired on September 19, 1997) only for that portion of the respective period that such Systems were owned by the Company. See Item I: <u>Business--Development of the Systems</u> and Note 3 of the Company's audited consolidated

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financial statements.

The results of operations of the Company for the year ended December 31, 1997, were impacted by the inclusion of: (i) the full year of results of operations of the Ridgecrest System, the Kern Valley System, the Nogales System and the Valley Center System (collectively, the "1996 Systems"); (ii) the results of operations of the Lower Delaware System from the date of its acquisition on June 24, 1997; and (iii) the results of operations of the Sun City System from the date of its acquisition on September 19, 1997. Revenues increased to approximately $17.6 million for the year ended December 31, 1997, from approximately $5.4 million for the period ended December 31, 1996.

Service costs increased to approximately $5.5 million for the year ended December 31, 1997, from approximately $1.5 million for the period ended December 31, 1996. Substantially all of this increase was due to the inclusion of the results of operations of the aforementioned acquisitions in 1997 and the full year of results of operations of the 1996 Systems. Of the service costs for the year ended December 31, 1997, approximately 70.0% were attributable to programming and copyright costs, 15.0% to technical personnel costs, and 15.0% to plant operations. Of the service costs for the period ended December 31, 1996, approximately 72.0% were attributed to programming and copyright costs, 13.0% to technical personnel costs and 15.0% to plant operating costs.

SGA expenses increased to approximately $2.7 million for the year ended December 31, 1997, from approximately $0.9 million for the period ended December 31, 1996. Substantially all of this increase was due to the inclusion of the results of operations of the aforementioned acquisitions in 1997 and the full year of results of operations of the 1996 Systems. Of the SGA expenses for the year ended 1997, approximately 36.0% were attributed to customer service and administrative personnel costs, 9.0% to franchise fees, other fees and taxes, 13.0% to customer billing expenses and 42.0% to marketing, advertising sales and office administrative expenses. Of the SGA expenses for the period ended December 31, 1996, approximately 28.0% were attributed to customer billing service and administrative personnel costs, 8.0% to franchise fees and other fees and taxes, 10.0% to customer billing expenses and 54.0% to marketing, advertising sales and office administrative expenses.

Management fee expense increased to approximately $0.9 million for the year ended December 31, 1997, from approximately $0.3 million for the period ended December 31, 1996, due to the higher revenues generated in 1997.

Depreciation and amortization expense increased to approximately $7.6 million for the year ended December 31, 1997, from approximately $2.2 million for the period ended December 31, 1996. This increase was substantially due to the inclusion of the results of operations of the aforementioned acquisitions in 1997 and the 1996 Systems.

Due to the factors described above, the Company generated operating income of approximately $0.9 million for the year ended December 31, 1997, compared to approximately $0.5 million for the period ended December 31, 1996.

Interest expense increased to approximately $4.8 million for the year ended December 31, 1997, from approximately $1.5 million for the period ended December 31, 1996. This increase was principally due to the increased levels of debt incurred in connection with the aforementioned acquisitions in 1997. Other expenses decreased to approximately $0.6 million for the year ended December 31, 1997, from approximately $1.0 million for the period ended December 31, 1996. This decrease was principally due to pre-acquisition expenses recorded in 1996.

Due to the factors described above, the net loss increased to approximately $4.6 million for the year ended December 31, 1997, from approximately $2.0 million for the period ended December 31, 1996.

EBITDA increased to approximately $8.5 million for the year ended December 31, 1997, from approximately $2.7 million for the period ended December 31, 1996. This increase was substantially due to the inclusion of the results of operations of the aforementioned acquisitions in 1997 and the results of operations for the full year of the 1996 Systems. EBITDA as a percentage of revenues decreased to 48.3% for the year ended December 31, 1997, from 49.9% for the period ended December 31, 1996. This decrease was principally due to the higher programming costs of the Systems acquired during 1997 in relation to the revenues generated by such cable television systems.

Selected Pro Forma Results

The Company has reported the results of operations of the Acquired Systems from the date of their respective acquisition. The following financial information for the three months and for the years ended December 31, 1998, and 1997, presents selected unaudited pro forma operating results assuming the purchase of the Acquired Systems had been consummated on January 1, 1997. See Note 3 to the Company's audited consolidated financial statements for a description of the Company's acquisitions in 1997 and 1998.

Selected Pro Forma Results

	Year Ended December 31, 1998	Year Ended December 31, 1997
	(dollars in thousands, except per subscriber data)	
Revenues	$ 136,148	$ 120,511
Costs and expenses:		
Service costs	46,408	48,849
SGA expenses	26,501	27,845
Management fee expense	6,071	1,480
Depreciation and amortization	68,977	57,689
Operating loss	$ (11,809)	$ (15,352)
Other Data:		
EBITDA	$ 57,168	$ 42,337
EBITDA margin (1)	42.0%	35.1%
Basic subscribers (2)	354,000	345,525
Average monthly revenue per basic subscriber (3)	$ 32.88	$ 29.67

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(1) Represents EBITDA as a percentage of revenues.
(2) As of the end of period
(3) Represents average monthly revenues for the three months ended December 31, 1998 divided by the number of basic subscribers at the end of the period.

Pro Forma Results for the Year Ended December 31, 1998 Compared to Pro Forma Results for the Year Ended December 31, 1997

Revenues increased to approximately $136.1 million for the year ended December 31, 1998, from approximately $120.5 million for the prior fiscal year. This increase was attributable principally to internal subscriber growth of approximately 2.5% and higher average monthly revenue per subscriber.

Service costs and SGA expenses in the aggregate decreased to approximately $72.9 million for the year ended 1998 from approximately $76.7 million for the prior fiscal year. This decrease was principally due to the allocation in 1997 of annual corporate overhead expenses and employee stock expense of the previous owners of the Acquired Systems, offset by an increase in management fee expense to approximately $6.1 million for the year ended 1998 from approximately $1.5 million for the prior fiscal year. This increase in management fee expense was due to the higher revenues generated in 1998.

Depreciation and amortization expense increased to approximately $69.0 million for the year ended 1998 from approximately $57.7 million for the prior fiscal year, principally due to capital expenditures during the year.

Due to the factors described above, the Company generated operating loss of approximately $11.8 million for the year ended 1998, compared to approximately $15.4 million for the year ended 1997.

Liquidity and Capital Resources

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

During 1997 and 1998, the Company upgraded certain Systems serving approximately 129,800 basic subscribers as of December 31, 1998. During the third quarter of 1998, the Company modified its previously announced five-year capital improvement program by accelerating its planned completion date to June 30, 2000. Moreover, various projects that were originally scheduled to be upgraded to 550MHz bandwidth capacity are being redesigned at 750MHz capacity, with two-way capability, and greater utilization of fiber optic technology. This accelerated program will enable the Company to deliver digital cable television and high-speed cable modem service earlier and more widespread than previously planned, beginning in 1999. Upon the program's anticipated completion in June 30, 2000, the Company expects that over 85% of its customer base will be served by Systems with 550MHz to 750MHz bandwidth capacity.

For the year ended December 31, 1997, the Company's capital expenditures (other than those related to acquisitions) were $4.7 million. As a result of the Company's accelerated capital improvement program, total capital expenditures (other than those related to acquisitions) were approximately $53.7 million for 1998. In addition, the Company plans to spend approximately $63.0 million in 1999. The Company intends to utilize cash generated from operations and its available unused credit commitments under its bank credit facilities, as described below, to fund the foregoing capital expenditures.

From the Company's commencement of operations in March 1996 through December 31, 1997, the Company invested approximately $97.8 million (before closing costs) to acquire cable television systems serving approximately 65,250 basic subscribers as of December 31, 1998. In 1998, the Company invested approximately $334.6 million (before closing costs) to acquire cable television systems serving approximately 288,750 basic subscribers as of December 31, 1998. In the aggregate, the Company has invested approximately $432.4 million (before closing costs) to acquire the Systems.

On January 9, 1998, the Company completed the acquisition of the Clearlake System, serving approximately 17,200 subscribers on such date, for a purchase price of $21.4 million (before closing costs). The acquisition of the Clearlake System and related closing costs and adjustments were financed with cash on hand and borrowings under the Company's bank credit facilities. See Notes 3 and 8 to the Company's audited consolidated financial statements.

On January 23, 1998, the Company completed the acquisition of the Cablevision Systems, serving approximately 260,100 subscribers on such date, for a purchase price of approximately $308.2 million (before closing costs). The acquisition of the Cablevision Systems and related closing costs and adjustments were financed with: (i) $211.0 million of borrowings under the Company's bank credit facilities; (ii) the proceeds of $20.0 million aggregate principal amount of the notes issued by the Company to a bank (the "Holding Company Notes"); and (iii) $94.0 million of equity capital contributed to Mediacom by its members. On April 1, 1998, the Holding Company Notes were repaid in full from the net proceeds of the 8 1/2% Senior Notes offering (see below). See Notes 1, 3 and 8 to the Company's audited consolidated financial statements.

On October 1, 1998, the Company acquired the assets of a cable television system serving approximately 3,800 subscribers in Caruthersville, Missouri, for a purchase price of $5.0 million (before closing costs). The acquisition of the Caruthersville System was financed with cash on hand and borrowings under the Company's bank credit facilities. See Notes 3 and 8 to the Company's audited consolidated financial statements.

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

Financings of the 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, have no cross-default provisions 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. As of December 31, 1998, the Company was in compliance with all of the financial and other covenants provided for in its bank credit agreements.

As of December 31, 1998, in order to finance its working capital requirements, capital expenditures and acquisitions and to provide liquidity for future capital requirements, the Company had completed the following financing arrangements: (i) a $100.0 million bank credit facility expiring in September 2005; (ii) a $225.0 million bank credit facility expiring in September 2006; (iii) a seller note in the original principal amount of $2.8 million issued in connection with the acquisition of a cable television system; (iv) $200.0 million offering of 8 1/2% Senior Notes (see below); and (v) $125.0 million of equity capital invested in Mediacom by the members of Mediacom. See Notes 1 and 8 to the Company's audited consolidated financial statements.

On April 1, 1998, Mediacom and Mediacom Capital jointly issued $200.0 million aggregate principal amount of 8 1/2% Senior Notes (the "8 1/2% Senior Notes") due on April 15, 2008. Mediacom used approximately $20.0 million of the net proceeds of this offering to repay in full the principal amount of the Holding Company Notes. The remaining net proceeds of approximately $173.5 million were used to repay a portion of outstanding indebtedness under the Company's bank credit facilities.

As of December 31, 1998 the Company had entered into interest rate swap agreements to hedge a notional amount of $60.0 million of borrowings under the Company's bank credit facilities, which expire from 1999 through 2002. As a result of the Company's interest rate swap agreements, and after giving pro forma effect to the issuance of the 8 1/2% Senior Notes, approximately 78.0% of the Company's indebtedness was at fixed interest rates or subject to interest rate protection as of December 31, 1998.

As a result of the financing transactions described above, as of December 31, 1998, the Company had the ability to borrow up to approximately $189.9 million under the Company's bank credit facilities, all of which could have been borrowed and distributed to Mediacom under the most restrictive covenants in the Company's bank credit agreements. For the three months ended December 31, 1998, the weighted average interest rate on all indebtedness outstanding under the Company's bank credit facilities was approximately 6.9% before giving effect to the aforementioned interest rate swap agreements, and 7.2% after giving effect to said interest rate swap agreements.

On February 26, 1999, Mediacom and Mediacom Capital jointly issued $125 million aggregate principal amount of 7 7/8% Senior Notes (the "7 7/8% Senior Notes") due February 2011. The net proceeds from this offering of approximately $121.9 million were used to repay a substantial portion of outstanding indebtedness under the Company's bank credit facilities. Interest on the 7 7/8% Senior Notes will be payable semi-annually on February 15 and August 15 of each year, commencing on August 15, 1999. After giving pro forma effect to the offering of the 7 7/8% Senior Notes and use of net proceeds therefrom, as of December 31, 1998, the Company would have had approximately $311.6 million of unused credit commitments, all of which could have been borrowed and distributed to Mediacom under the most restrictive covenants in the Company's bank credit agreements.

The Company is regularly presented with opportunities to acquire cable television systems that are evaluated on the basis of the Company's acquisition strategy. Although the Company presently does not have any definitive agreements to acquire or sell any of its cable television systems, it is negotiating with prospective sellers to acquire additional cable television systems. If definitive agreements for all such potential acquisitions are executed, and if such acquisitions are then consummated, the Company's customer base would approximately double in size. These acquisitions are subject to the negotiation and completion of definitive documentation, which will include customary representations and warranties and will be subject to a number of closing conditions. Financing for these potential transactions has not been determined; however, if such acquisitions are consummated, the Company believes its total indebtedness would substantially increase. No assurance can be given that such definitive documents will be entered into or that, if entered into, the acquisitions will be consummated.

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

Recent Accounting Pronouncements

In 1997, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standard No. 130, "Reporting Comprehensive Income," Statement of Financial Accounting Standard No. 131, "Disclosure about Segments of an Enterprise and Related Information" and Statement of Financial Accounting Standard No. 132, "Employer's Disclosure about Pension and Other Post Retirement Benefits" which are effective for the Company's fiscal 1998 financial statements. During the years ended December 31, 1998 and 1997 and the period ended December 31, 1996, the Company had no items of comprehensive income. Refer to Note 13 of the Company's audited consolidated financial statements for disclosure about segments and other related information. Additionally, the Company does not have any defined benefit plans, therefore, additional disclosures are not applicable to the notes of the financial statements.

In 1998, Statement of Financial Accounting Standards No. 133, "Accounting for Derivative Instruments and Hedging Activities," ("SFAS 133") and Statement of Position 98-5, "Reporting on the Costs of Start up Activities" ("SOP 98-5") were issued. SFAS 133 establishes accounting and reporting standards requiring that every derivative instrument be recorded in the balance sheet as either an asset or liability measured at its fair value. The Company will adopt SFAS 133 in fiscal 2000 but has not quantified the impact or not yet determined the timing or method of the adoption. SOP 98-5 provides guidance on accounting for the costs of start-up activities, which include preopening costs, preoperating costs, organization costs, and start-up costs. The Company will adopt SOP 98-5 in fiscal 1999, but does not expect any impact on the financial statements.

Inflation and Changing Prices

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

Year 2000

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

The program management team has defined a four-step approach to determining the Year 2000 readiness of the Company's internal systems, software and equipment. Such approach is intended to provide a detailed method for tracking the evaluation, repair, and testing of systems, software, and equipment, as follows:

Phase 1: Assessment -- involves the inventory of all systems, software and equipment and the identification of any Year 2000 issues.

Phase 2: Remediation -- involves repairing, upgrading and/or replacing any non-compliant equipment and systems.

Phase 3: Testing -- involves testing systems, software, and equipment for Year 2000 readiness, or in certain cases, relying on test results provided to the Company.

Phase 4: Implementation -- involves placing compliant systems, software and equipment into production or service.

The following is the status of the Year 2000 readiness project as of December 31, 1998: Phase 1 was substantially complete, with final completion by April 1999; Phase 2 was underway with final completion expected by June 1999; and Phases 3 and 4 are in the early stages, with final completion expected by September 1999.

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

Third Party Systems, Software and Equipment

The program management team is surveying the Company's significant third-party vendors and suppliers whose systems, services or products are important to its operations (e.g., suppliers of addressable controllers and set-top boxes, and the provider of billing services). The Year 2000 readiness of such providers is critical to the continued provision of cable television service without interruptions. The project management team has received information that the most critical systems, services or products supplied to its cable television systems by third-parties are either Year 2000 ready or are expected to be Year 2000 ready by mid-1999. The project management team is currently developing contingency plans for systems provided by vendors who have not responded to its surveys or systems that may not be Year 2000 ready in a timely fashion.

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

Costs

As of December 31, 1998, Year 2000 costs incurred were not material. Although no assurances can be given, the Company currently expects that the total projected costs associated with the Year 2000 program will be less than $350,000.

Contingency Plans

The failure to correct a material Year 2000 problem could result in an interruption or failure of certain important business operations. The Company believes that its Year 2000 program will significantly reduce risks associated with the changeover to the Year 2000 and is currently developing certain contingency plans to minimize the effect of any potential Year 2000 related disruptions. The risks and the uncertainties discussed below and the associated contingency plans relate to systems, software, equipment, and services that the Company has deemed critical in regard to customer service, business operations, financial impact or safety.

The failure of addressable controllers contained in the headend facilities could disrupt the delivery of premium services to customers and could necessitate crediting customers for failure to receive such premium services. In this unlikely event, the Company expects that it will identify and transmit the lowest cost programming tier. Unless other contingency plans are developed with the program suppliers, premium and pay-per-view channels would not likely be transmitted until the addressable controller share had been repaired.

A failure of the services provided by the Company's billing systems service provider could result in a loss of customer records which could disrupt the ability to bill customers for a protracted period. The Company plans to prepare electronic backup records of its customer billing information prior to the Year 2000 to allow for data recovery as its first step to remedy this situation in the event of billing systems failure. The Company will continue to monitor the Year 2000 readiness of its customer-billing supplier.

Advertising revenue could be adversely affected by the failure of certain advertising insertion equipment which could impede or prevent the insertion of advertising spots in cable television programming. The Company anticipates that it can minimize such effect by manually resetting the dates each day until the equipment is repaired.

The financial impact of any or all of the above worst-case scenarios has not been and cannot be estimated by the Company due to the numerous uncertainties and variables associated with such scenarios.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The Company's audited consolidated financial statements, and related notes thereto, and the report of the Company's independent public accountants follow.

MEDIACOM LLC AND SUBSIDIARIES

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MEDIACOM CAPITAL CORPORATION

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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, 1998 and 1997, and the related consolidated statements of operations, changes in members' equity and cash flows for the years ended December 31, 1998 and 1997, and for the period from the commencement of operations (March 12, 1996) to December 31, 1996 and the statements of operations and cash flows from the period January 1, 1996 through March 11, 1996. 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 audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audits 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, 1998 and 1997, and the results of their operations, members' equity and cash flows for the years ended December 31, 1998 and 1997, and for the period from commencement of operations (March 12, 1996) to December 31, 1996 and the statements of operations and cash flows from the period January 1, 1996 through March 11, 1996 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
March 5, 1999

MEDIACOM LLC AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(All dollar amounts in 000's)

	December 31, 1998	December 31, 1997
ASSETS		
Cash and cash equivalents	$ 2,212	$ 1,027
Subscriber accounts receivable, net of allowance for doubtful accounts of $298 in 1998 and $56 in 1997	2,512	618
Prepaid expenses and other assets	1,712	1,358
Investment in cable television systems:		
Inventory	8,240	1,032
Property, plant and equipment, at cost	314,627	51,735
Less - accumulated depreciation	(45,423)	(5,737)
Property, plant and equipment, net	269,204	45,998
Intangible assets, net of accumulated amortization of $26,307 in 1998 and $3,478 in 1997	150,928	48,966
Total investment in cable television systems	428,372	95,996
Other assets, net of accumulated amortization of $3,854 in 1998 and $526 in 1997	16,344	3,792
Total assets	$ 451,152	$102,791
LIABILITIES AND MEMBERS' EQUITY		
LIABILITIES		
Debt	$337,905	$ 72,768
Accounts payable	2,678	853
Accrued expenses	29,446	4,021
Subscriber advances	1,510	603
Management fees payable	962	105
Total liabilities	372,501	78,350
MEMBERS' EQUITY		
Capital contributions	124,990	30,990
Accumulated deficit	(46,339)	(6,549)
Total members' equity	78,651	24,441
Total liabilities and members' equity	$451,152	$102,791

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

MEDIACOM LLC AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(All dollar amounts in 000's)

	The Company			Predecessor
	Year Ended December 31, 1998	1997	March 12, 1996 through December 31, 1996	January 1, 1996 through March 11, 1996
Revenues	$129,297	$17,634	$ 5,411	$1,038
Costs and expenses:				
Service costs	43,849	5,547	1,511	297
Selling, general, and administrative expenses	25,596	2,696	931	222
Management fee expense	5,797	882	270	52
Depreciation and amortization	65,793	7,636	2,157	527
Operating income (loss)	(11,738)	873	542	(60)
Interest expense, net	23,994	4,829	1,528	201
Other expenses	4,058	640	967	-
Net loss	$(39,790)	$(4,596)	$(1,953)	$ (261)

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

MEDIACOM LLC AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN MEMBERS' EQUITY
(All dollar amounts in 000's)

Balance, Commencement of Operations (March 12, 1996)	$ 5,490
Capital Contributions	1,000
Net Loss	(1,953)
Balance, December 31, 1996	4,537
Capital Contributions	24,500
Net Loss	(4,596)
Balance, December 31, 1997	24,441
Capital Contributions	94,000
Net Loss	(39,790)
Balance, December 31, 1998	$78,651

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)

	The Company			Predecessor
	Year Ended December 31, 1998	Year Ended December 31, 1997	March 12, 1996 through December 31, 1996	January 1, 1996 through March 11, 1996
CASH FLOWS FROM OPERATING ACTIVITIES:				
Net Loss	$(39,790)	$(4,596)	$(1,953)	$ (261)
Adjustments to reconcile net loss to net cash flows from operating activities:				
Accretion of interest on seller note	287	264	129	-
Depreciation and amortization	65,793	7,636	2,157	527
Changes in assets and liabilities, net of effects from acquisitions:				
Increase in subscriber accounts receivable	(1,437)	(351)	(267)	(40)
Decrease (increase) in prepaid expenses and other assets	329	(34)	(1,323)	-
Increase (decrease) in accounts payable	1,822	(242)	514	-
Increase in accrued expenses	24,843	3,762	840	-
Increase in subscriber advances	852	498	105	-
Increase in management fees payable	857	70	35	-
Net cash flows from operating activities	53,556	7,007	237	226
CASH FLOWS USED IN INVESTING ACTIVITIES:				
Capital expenditures	(53,721)	(4,699)	(671)	(86)
Acquisitions of cable television systems	(343,330)	(54,842)	(44,539)	-
Other, net	(34)	(467)	(47)	-
Net cash flows used in investing activities	(397,085)	(60,008)	(45,257)	(86)
CASH FLOWS FROM FINANCING ACTIVITIES:				
New borrowings	488,200	72,225	39,200	-
Repayment of debt	(223,350)	(40,250)	(1,600)	-
Increase in seller note	-	-	2,800	-
Capital contributions	94,000	24,500	6,490	-
Financing costs	(14,136)	(2,843)	(1,474)	-
Net cash flows from financing activities	344,714	53,632	45,416	-
Net increase in cash and cash equivalents	1,185	631	396	140
CASH AND CASH EQUIVALENTS, beginning of period	1,027	396	-	266
CASH AND CASH EQUIVALENTS, end of period	$ 2,212	$ 1,027	$ 396	$ 406
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:				
Cash paid during the year for interest	$ 21,127	$ 4,485	$ 1,190	$ 201

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

(1) The Limited Liability Company:

Organization

Mediacom LLC ("Mediacom" and collectively with its subsidiaries, the "Company"), a New York limited liability company, 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 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"). As of December 31, 1998, the Company had acquired and was operating cable television systems in fourteen states, principally Alabama, California, Florida, Kentucky, Missouri and North Carolina. (See Note 3).

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

Capitalization

The Company was initially capitalized on March 12, 1996, with equity contributions of $5,445 from Mediacom's members and $45 from Mediacom Management Corporation ("Mediacom Management"), a Delaware corporation. On June 28, 1996, Mediacom received additional equity contributions of $1,000 from an existing member.

On June 22 and September 18, 1997, Mediacom received additional equity contributions of $19,500 and $5,000, respectively, from its members. On January 22, 1998, Mediacom received additional equity contributions of $94,000 from its members.

Allocation of Losses, Profits and Distributions

For 1996, pursuant to the 1996 Operating Agreement, net losses were allocated 98% to the manager as defined in the operating agreements (the "Manager") and the balance to the other members ratably in accordance with their respective membership units. For 1997, pursuant to the 1997 Operating Agreement, net losses were allocated first to the Manager 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 are to be allocated first to the Manager; second, to the member owning the largest number of membership units in Mediacom; and third, to the members, other than the Manager, ratably in accordance with their respective positive capital account balances and membership units.

Profits are 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 Manager) until they receive an 8% preferred return on their preferred capital (the "Preferred Return"); fourth, to the Manager until the Manager receives an amount equal to 25% of the amount provided to deliver the Preferred Return to all members; the balance, 80% to the members (including the Manager) in proportion to their respective membership units and 20% to the Manager. The 1997 Operating Agreement increased the Preferred Return from 8% to 12%.

Distributions are made first to the members (including the Manager) in proportion to their respective membership units until they receive amounts equal to their preferred capital; second, to the members (including the Manager) in proportion to their percentage interests until all members receive the Preferred Return; third, to the Manager until the Manager receives 25% of the amount provided to deliver the Preferred Return; the balance, 80% to the members (including the Manager) in proportion to their percentage interests and 20% to the Manager.

Redemption Rights

Except as set forth below, no member has the right to have its membership interests redeemed or its capital contributions returned prior to dissolution of Mediacom. Pursuant to the 1998 Operating Agreement, each member has the right to require Mediacom to redeem its membership interests at any time if the holding of such interests exceeds the amount permitted, or is otherwise prohibited or becomes unduly burdensome, by any law to which such member is subject, or, in the case of any member which is 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 is unable to redeem for cash any or all of such membership interests at such time, Mediacom will issue as payment for such interests a junior subordinated promissory note with a five-year maturity date and deferred interest which accrues and compounds at an annual rate of 5% over the prime rate.

In addition, in connection with the Company's acquisition of the Cablevision Systems on January 23, 1998 (See Note 3), 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 interest in Mediacom. This temporary waiver was originally set to expire on January 23, 1999. However, on January 15, 1999, the FCC granted an extension of such waiver to July 23, 1999. If at the end of this extension, the Transactional Member's membership interest in Mediacom remains above the limitations imposed by the FCC's cross-ownership restrictions, Mediacom will be required to repurchase such number of the Transactional Member's units of membership interest which exceed the permissible ownership level. If such repurchase were to occur on July 23, 1999 (i.e., upon expiration of the transactional forbearance), and assuming no changes in the number of outstanding membership units of Mediacom and no changes in such cross-ownership rules, the repurchase price for such excess membership interests would be approximately $7,500 plus accrued interest.

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 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 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.

The financial statements for the period from January 1, 1996, through March 11, 1996, and reflecting the results of operations and statement of cash flows, are referred to as the "Predecessor" financial statements. The Predecessor is Benchmark Acquisition Fund II Limited Partnership which owned the assets comprising the cable television system serving at the time of its acquisition by the Company 10,300 subscribers in Ridgecrest, California. Accordingly, the accompanying financial statements of the Predecessor and the Company are not comparable in all material respects since those financial statements report results of operations and cash flows of these two separate entities.

(All dollar amounts in 000's)

Revenue Recognition

Revenues are recognized in the period in which the related services are provided to the Company's subscribers.

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.

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 overhead related to the installation of property, plant and equipment of approximately $6,548 and $681 in 1998 and 1997, 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 $1,014 in 1998.

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, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed of" ("SFAS 121"). SFAS 121 requires that long-lived assets and certain identifiable intangibles to be held and used by any entity, be reviewed for impairment 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 $8,492 and $3,963 as of December 31, 1998 and 1997, 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.

Income Taxes

Since Mediacom is a limited liability company and the Predecessor is a limited partnership, they are not subject to federal or state income taxes, and no provision for income taxes relating to their statements of operations have been reflected in the accompanying financial statements. The members of Mediacom and the limited partners of the Predecessor are required to report their share of income or loss in their respective income tax returns.

Reclassifications

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

(3) Acquisitions:

The Company has completed the undernoted acquisitions (the "Acquired Systems") in 1998 and 1997. 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.

1998

On January 9, 1998, Mediacom California LLC ("Mediacom California"), a subsidiary of Mediacom, acquired the assets of a cable television system serving approximately 17,200 subscribers in Clearlake, California and surrounding communities (the "Clearlake System") for a purchase price of $21,400. The purchase price has been preliminarily allocated as follows: $8,560 to property, plant and equipment, and $12,840 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 $226 of direct acquisition costs has been allocated to other assets. In the first quarter of 1998, the Company recorded acquisition reserves related to this acquisition in the amount of approximately $370, which are included in accrued expenses. The acquisition of the Clearlake System and related closing costs and adjustments were financed with borrowings under the Company's bank credit facilities. See Note 8.

On January 23, 1998, Mediacom Southeast LLC, ("Mediacom Southeast"), a wholly-owned subsidiary of Mediacom, acquired the assets of cable television systems serving approximately 260,100 subscribers in various regions of the United States (the "Cablevision Systems") for a purchase price of $308,200. The purchase price has been allocated based on independent appraisal as follows: $205,500 to property, plant and equipment, and $102,700 to intangible assets. Additionally, approximately $3,500 of direct acquisition costs has been allocated to other assets. In the first quarter of 1998, the Company recorded acquisition reserves related to this acquisition in the amount of $3,750, which are included in accrued expenses. The acquisition of the Cablevision Systems and related closing costs and adjustments were financed with equity contributions, borrowings under the Company's bank credit facilities, and other bank debt. See Notes 1 and 8.

On October 1, 1998, Mediacom Southeast acquired the assets of a cable television system serving approximately 3,800 subscribers in Caruthersville, Missouri (the "Caruthersville System") for a purchase price of $5,000. The purchase price has been preliminarily allocated as follows: $2,000 to property, plant and equipment, and $3,000 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. 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 8.

(All dollar amounts in 000's)

1997

On June 24, 1997, Mediacom Delaware LLC ("Mediacom Delaware"), a wholly-owned subsidiary of Mediacom, acquired the assets of cable television systems serving approximately 29,300 subscribers in lower Delaware and southwestern Maryland (the "Lower Delaware System") for a purchase price of $42,600. The purchase price has been allocated as follows: $21,300 to property, plant and equipment, and $21,300 to intangible assets. Additionally, $409 of direct acquisition costs has been allocated to other assets.

On September 19, 1997, Mediacom California acquired the assets of a cable television system serving approximately 9,600 subscribers in Sun City, California (the "Sun City System") for a purchase price of $11,500. The purchase price has been allocated as follows: $7,150 to property, plant and equipment, and $4,350 to intangible assets. Additionally, $52 of direct acquisition costs has been allocated to other assets.

(4) Pro Forma Results:

Summarized below are the pro forma unaudited results of operations for the years ended December 31, 1998 and 1997, assuming the purchase of the Acquired Systems had been consummated as of January 1, 1997. Adjustments have been made to: (i) depreciation and amortization reflecting the fair value of the assets acquired; and (ii) interest expense. The pro forma results may not be indicative of the results that would have occurred if the combination had been in effect on the dates indicated or which may be obtained in the future.

	1998	1997
Revenue	$ 136,148	$ 120,511
Operating loss	(11,809)	(15,352)
Net loss	$ (41,340)	$ (42,921)

(5) Recent Accounting Pronouncements:

In 1997, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standard No. 130, "Reporting Comprehensive Income," Statement of Financial Accounting Standard No. 131, "Disclosure about Segments of an Enterprise and Related Information" and Statement of Financial Accounting Standard No. 132, "Employer's Disclosure about Pension and Other Post Retirement Benefits" which are effective for the Company's fiscal 1998 financial statements. During the years ended December 31, 1998 and 1997 and the period ended December 31, 1996, the Company had no items of comprehensive income. Refer to Note 13 of the consolidated financial statements for disclosure about segments and other related information. Additionally, the Company does not have any defined benefit plans, therefore, additional disclosures are not applicable to the notes of the financial statements.

In 1998, Statement of Financial Accounting Standards No. 133, "Accounting for Derivative Instruments and Hedging Activities," ("SFAS 133") and Statement of Position 98-5, "Reporting on the Costs of Start up Activities" ("SOP 98-5") were issued. SFAS 133 establishes accounting and reporting standards requiring that every derivative instrument be recorded in the balance sheet as either an asset or liability measured at its fair value. The Company will adopt SFAS 133 in fiscal 2000, but has not quantified the impact or not yet determined the timing or method of the adoption. SOP 98-5 provides guidance on accounting for the costs of start-up activities, which include preopening costs, preoperating costs, organization costs, and start-up costs. The Company will adopt SOP 98-5 in fiscal 1999, but does not expect any impact on the financial statements.

(All dollar amounts in 000's)

(6) Property, Plant and Equipment:

As of December 31, 1998 and 1997, property, plant and equipment consisted of:

	1998	1997
Land and land improvements	$ 341	$ 108
Buildings and leasehold improvements	5,731	337
Cable systems, equipment and subscriber devices	300,051	49,071
Vehicles	5,051	1,135
Furniture, fixtures and office equipment	3,453	1,084
	$ 314,627	$ 51,735
Accumulated depreciation	(45,423)	(5,737)
	$ 269,204	$ 45,998

(7) Intangible Assets:

The following table summarizes the net asset value for each intangible asset category as of December 31, 1998 and 1997:

1998	Gross Asset Value	Amortization	Net Asset Value
Franchising costs	$ 87,509	$ 7,983	$ 79,526
Goodwill	8,400	1,313	7,087
Subscriber lists	76,484	15,701	60,783
Covenants not to compete	4,842	1,310	3,532
	$ 177,235	$ 26,307	$ 150,928

1997	Gross Asset Value	Amortization	Net Asset Value
Franchising costs	$ 22,181	$ 1,732	$ 20,449
Goodwill	6,848	333	6,515
Subscriber list	18,573	1,085	17,488
Covenants not to compete	4,842	328	4,514
	$ 52,444	$ 3,478	$ 48,966

(8) Debt:

As of December 31, 1998 and 1997, debt consisted of:

	1998	1997
Mediacom:		
8-1/2% Senior Notes (a)	$ 200,000	$ -
Subsidiaries:		
Bank Credit Facilities (b)	134,425	69,575
Seller Note (c)	3,480	3,193
	$ 337,905	$ 72,768

(a) On April 1, 1998, Mediacom and Mediacom Capital jointly issued $200,000 aggregate principal amount of 8 1/2% Senior Notes due on April 15, 2008. The 8 1/2% Senior Notes are unsecured obligations of the Company, and the indenture for the 8 1/2% Senior Notes stipulates, among other things, restrictions on incurrence of indebtedness, distributions, mergers and asset sales and has cross-default provisions related to other debt of the Company. Interest accrues at 8 1/2% per annum, beginning from the date of issuance and is payable semi-annually on April 15 and October 15 of each year, commencing on October 15, 1998. 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.

(All dollar amounts in 000's)

(b) On January 23, 1998, Mediacom Southeast entered into an eight and one-half year, $225,000 reducing revolver and term loan agreement (the "Southeast Credit Facility"). On June 24, 1997, Mediacom California, Mediacom Delaware and Mediacom Arizona LLC, a wholly-owned subsidiary of Mediacom (collectively, the "Western Group"), entered into an eight and one-half year, $100,000 reducing revolver and term loan agreement (the "Western Credit Facility" and, together with the Southeast Credit Facility, the "Bank Credit Facilities"). At December 31, 1998, the aggregate commitments under the Bank Credit Facilities were $324,400. The Bank Credit Facilities are non-recourse to Mediacom and have no cross-default provisions relating directly to each other. The reducing revolving credit lines under the Bank Credit Facilities make available a maximum commitment amount for a period of up to eight and one-half years, which is subject to quarterly reductions, beginning September 30, 1998, ranging from 0.21% to 12.42% of the original commitment amount of the reducing revolver. The term loans under the Bank Credit Facilities are repaid in consecutive installments beginning September 30, 1998, ranging from 0.42% to 12.92% of the original term loan amount. The Bank Credit Facilities require mandatory reductions of the reducing revolvers and mandatory prepayments of the term loans from excess cash flow, as defined, beginning December 31, 1999. The Bank Credit Facilities provide for interest at varying rates based upon various borrowing options and the attainment of certain financial rations and for commitment fees of 3/8% to 1/2% per annum on the unused portion of available credit under the reducing revolver credit lines. The effective interest rates on outstanding debt under the Bank Credit Facilities were 7.2% and 8.8% for the three months ending December 31, 1998 and December 31, 1997, respectively, after giving effect to the interest rate swap agreements discussed below.

The applicable margins for the respective borrowing rate options have the following ranges:

Interest Rate Option	Margin Rate
Base Rate	0.250% to 1.625%
Eurodollar Rate	1.250% to 2.625%

The Bank Credit Facilities require Mediacom's subsidiaries to maintain compliance with certain financial covenants including, but not limited to, the leverage ratio, the interest coverage ratio, the fixed charge coverage ratio and the pro forma debt service coverage ratio, as defined in the respective credit agreements. The Bank Credit Facilities also require Mediacom's subsidiaries 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 as of December 31, 1998.

The Bank Credit Facilities are secured by Mediacom's pledge of all its ownership interests in the subsidiaries and a first priority lien on all the tangible and intangible assets of the operating subsidiaries, other than real property in the case of the Southeast Credit Facility. The indebtedness under the Bank Credit Facilities is guaranteed by Mediacom on a limited recourse basis to the extent of its ownership interests in the operating subsidiaries. At December 31, 1998, the Company had approximately $189,900 of unused commitments under the Bank Credit Facilities, all of which could have been borrowed by the operating subsidiaries for purposes of distributing such borrowed proceeds to Mediacom under the most restrictive covenants in the Company's bank credit agreements.

As of December 31, 1998, the Company had entered into interest rate exchange agreements (the "Swaps") with various banks pursuant to which the interest rate on $60,000 is fixed at a weighted average swap rate of approximately 6.2%, plus the average applicable margin over the Eurodollar Rate option under the Bank Credit Facilities. Any amounts paid or received due to swap arrangements are recorded as an adjustment to interest expense. Under the terms of the Swaps, which expire from 1999 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.

(All dollar amounts in 000's)

(c) In connection with the acquisition of the Kern Valley System, the Western Group issued to the seller an unsecured senior subordinated note (the "Seller Note") in the amount of $2,800, with a final maturity of June 28, 2006. Interest is deferred throughout the term of the note and is payable at maturity or upon prepayment. For the five-year period ending June 28, 2001, the annual interest rate is 9.0%. After the initial five-year period, the annual interest rate increases to 15.0%, with an interest clawback for the first five years. After the initial seven-year period, the interest rate increases to 18.0%, with an interest clawback for the first seven years. The Company intends to prepay the Seller Note plus accrued interest on or before June 28, 2001, subject to prior approval by the parties to the Western Credit Facilities, which the Company believes it will obtain. The Company expects to repay the Seller Note with cash flow generated from operations and future borrowings. There are no penalties associated with prepayment of this note.

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

The stated maturities of all debt outstanding as of December 31, 1998, are as follows:

1999	$ 2,000
2000	2,300
2001	6,600
2002	9,500
2003	13,600
Thereafter	303,905
	$337,905

(9) Related Party Transactions:

Separate management agreements with each of Mediacom's subsidiaries provide for Mediacom Management to be paid compensation for management services performed for the Company. Under such agreements, Mediacom Management, which is wholly-owned by the Manager, is entitled to receive annual management fees calculated as follows: (i) 5.0% of the first $50,000 of annual gross operating revenues of the Company; (ii) 4.5% of such revenues in excess thereof up to $75,000; and (iii) 4.0% of such revenues in excess of $75,000. The Company incurred management fees of approximately $5,797, $882, and $270 for the years ended 1998 and 1997, and for the period ended December 31, 1996, respectively.

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 $75,000 and 0.5% of such purchase price thereafter. The Company incurred acquisition fees of approximately $3,327, $544, and $441 for the years ended 1998 and 1997, and for the period ended December 31, 1996, respectively. The acquisition fees are included in other expenses in the statement of operations.

In addition, the operating agreements of the Company provide 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 $53, $59, and $29 for the years ended 1998 and 1997, and for the period ended December 31, 1996, respectively.

(All dollar amounts in 000's)

(10) Employee Benefit Plans:

Substantially all employees of the Company are eligible to participate in a deferred arrangement pursuant to IRC 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 $264, $14, and $10 for the years ended 1998 and 1997, and for the period ended December 31, 1996, respectively.

(11) Commitments and Contingencies:

Under various lease and rental agreements for offices, warehouses and computer terminals, the Company had rental expense of approximately $588, $138, and $22 for the years ended 1998 and 1997, and for the period ended December 31, 1996, respectively. Future minimum annual rental payments are as follows:

1999	$1,815
2000	1,190
2001	768
2002	379
2003	267

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 $1,709, $102, and $24 for the years ended 1998 and 1997, and for the period ended December 31, 1996, respectively.

Legal Proceedings

Management is not aware of any legal proceedings currently that will have a material adverse impact on the Company's financial statements.

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 recently 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 which would, for example, delay or suspend the scheduled March 1999 termination of CPST rate regulation.

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.

(12) Disclosures about Fair Value of Financial Instruments:

Debt

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 and the Seller Note approximates the carrying value. The fair value at December 31, 1998 of the 8 1/2% Senior Notes was approximately $204,500.

Interest Rate Exchange Agreements

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, 1998, the Company would have paid approximately $1,464 to terminate the Swaps, inclusive of accrued interest.

(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) No. 131, "Disclosure about Segments of an Enterprise and Related Information". This statement requires the Company to report segment financial information consistent with the presentations made to the Company's management for decision-making purposes. All revenues of the Company are derived solely from cable television operations and related activities. 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, and depreciation and amortization). For the years ended 1998 and 1997, and for the period ended December 31, 1996, the Company's consolidated system cash flow was approximately $59,850, $9,390, and $2,960, respectively.

(14) Subsequent Events:

On February 26, 1999, Mediacom and Mediacom Capital, a New York corporation wholly-owned by Mediacom, jointly issued $125,000 aggregate principal amount of 7 7/8% Senior Notes due on February 15, 2011. The net proceeds from this offering of approximately $121,900 were used to repay a substantial portion of outstanding indebtedness under the Company's bank credit facilities. Interest on the 7 7/8% Senior Notes will be payable semi-annually on February 15 and August 15 of each year, commencing on August 15, 1999.

The Company is regularly presented with opportunities to acquire cable television systems that are evaluated on the basis of the Company's acquisition strategy. Although the Company presently does not have any definitive agreements to acquire or sell any of its cable television systems, it is negotiating with prospective sellers to acquire additional cable television systems. If definitive agreements for all such potential acquisitions are executed, and if such acquisitions are then consummated, the Company's customer base would approximately double in size. These acquisitions are subject to the negotiation and completion of definitive documentation, which will include customary representations and warranties and will be subject to a number of closing conditions. Financing for these potential transactions has not been determined; however, if such acquisitions are consummated, the Company believes its total indebtedness would substantially increase. No assurance can be given that such definitive documents will be entered into or that, if entered into, the acquisitions will be consummated.

MEDIACOM LLC AND SUBSIDIARIES
VALUATION AND QUALIFYING ACCOUNTS
(All dollar amounts in 000's)

Schedule II

	Balance at beginning of period	Additions charged to costs and expenses	Deductions	Balance at end of period
December 31, 1996				
Allowance for doubtful accounts				
Current receivables	$ -	$ 91	$ 66	$ 25
Acquisition reserves				
Accrued expenses	$ -	$ -	$ -	$ -
December 31, 1997				
Allowance for doubtful accounts				
Current receivables	$ 25	$ 45	$ 14	$ 56
Acquisition reserves				
Accrued expenses	$ -	$ -	$ -	$ -
December 31, 1998				
Allowance for doubtful accounts				
Current receivables	$ 56	$ 1,694	$ 1,452	$ 298
Acquisition reserves(1)				
Accrued expenses	$ -	$ 4,120	$ -	$ 4,120

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(1) Addition was charged to intangible asset

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To the Shareholder of Mediacom Capital Corporation:

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

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 audit provides a reasonable basis for our opinion.

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

Arthur Andersen LLP

Stamford, Connecticut
March 5, 1999

MEDIACOM CAPITAL CORPORATION
BALANCE SHEET
December 31, 1998

ASSETS	
Note receivable - from affiliate for issuance of common stock	$ 100
Total assets	$ 100
LIABILITIES AND OWNER'S EQUITY	
Owner's equity	
Common stock, par value $0.10; 200 shares authorized; 100 shares issued and outstanding	$ 10
Additional paid-in capital	90
Total owner's equity	$ 100
Total liabilities and owner's equity	$ 100

The accompanying notes to the balance sheet
are an integral part of this statement.

MEDIACOM CAPITAL CORPORATION
NOTES TO THE BALANCE SHEET
(All dollar amounts in 000's)

(1) Organization:

Mediacom Capital Corporation ("Mediacom Capital"), a New York corporation wholly-owned by Mediacom LLC, was organized on March 9, 1998 for the sole purpose of acting as co-issuer with Mediacom LLC of $200,000 aggregate principal amount of the 8 1/2% Senior Notes due April 15, 2008. Mediacom Capital has no operations.

(2) Subsequent Events:

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